



**INNOCARE**

诺诚健华

InnoCare Pharma Limited  
諾誠健華醫藥有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 9969



**2024** | INTERIM  
REPORT

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InnoCare Pharma Limited  
2024 Interim Report

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# GLOSSARY AND DEFINITIONS

In this report, unless the context otherwise requires, the following terms have the following meanings. These terms and their definitions may not correspond to any industry standard definition and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as the Company.

"AD"	atopic dermatitis
"AGM"	annual general meeting of the Company
"ALL"	acute lymphoblastic leukemia
"AML"	acute myeloid leukemia
"ARR"	annualized relapse rate
"ArriVent"	ArriVent Biopharma
"ASH"	American Society of Hematology
"AUD"	Australian dollars, the lawful currency of Australia
"Audit Committee"	the audit committee of the Board
"B-cell"	a type of white blood cell that differs from other lymphocytes like T-cells by the presence of the BCR on the B-cell's outer surface. Also known as B-lymphocytes
"Biogen"	Biogen Inc. (Nasdaq: BILB)
"Board"	the board of directors of our Company
"BTD"	breakthrough therapy designation
"BTK"	Bruton's tyrosine kinase, a human enzyme encoded by the BTK Gene
"BLA"	Biologics License Application
"CD20"	B-lymphocyte antigen CD20, a B-cell specific cell surface molecule that is encoded by the MS4A1 gene
"CDE"	Center for Drug Evaluation, an institution under the NMPA
"CEO" or "Chief Executive Officer"	the chief executive officer of the Company
"CG Code"	the Corporate Governance Code set out in Appendix C1 of the Listing Rules
"Chairperson"	Chairperson of the Board
"China" or "PRC"	the People's Republic of China, which for the purpose of this report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"cholangiocarcinoma"	bile duct cancer, a type of cancer that forms in the bile ducts
"CLL"	chronic lymphocytic leukemia



## GLOSSARY AND DEFINITIONS

“CNSL”	central nervous system lymphoma
“Company”, “our Company”, “the Company” or “InnoCare”	InnoCare Pharma Limited (Stock code: 9969), an exempted company with limited liability incorporated under the laws of the Cayman Islands on 3 November 2015, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange on 23 March 2020. On 21 September 2022, the RMB Shares of the Company were listed on the STAR Market
“Director(s)”	the director(s) of the Company
“DLBCL”	diffuse large B-cell lymphoma, a common type of non-Hodgkin lymphoma that starts in lymphocytes
“DLT”	dose-limiting toxicity, side effects of a drug or other treatment that are serious enough to prevent an increase in dose or level of that treatment
“EGFR”	Epidermal Growth Factor Receptor
“EULAR”	the European Alliance of Associations for Rheumatology
“FGFR”	fibroblast growth factor receptor, membrane-spanning proteins that are a subgroup of the family of tyrosine kinase receptors
“FL”	follicular lymphoma
“Global Offering”	the Hong Kong public offering and the international offering of the Shares
“GMP”	good manufacturing practice
“Group”, “our Group”, “the Group”, “we”, “us” or “our”	the Company and its subsidiaries from time to time
“Guangzhou Kaide”	Guangzhou Kaide Technology Development Co., Ltd., which was renamed as GZHT Technology Holdings since September 2019
“HK\$” or “HKD”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong Stock Exchange” or “Stock Exchange” or “HKEx”	The Stock Exchange of Hong Kong Limited
“IBD”	inflammatory bowel disease
“ICP-105”	one of the Company’s clinical stage drug candidates
“ICP-192”	one of the Company’s clinical stage drug candidates
“ICP-022” or “Orelabrutinib”	one of the Company’s clinical stage drug candidates
“IL-2”	interleukin-2
“IL-12”	interleukin-12
“IL-17”	interleukin-17



## GLOSSARY AND DEFINITIONS

"IL-23"	interleukin-23
"IMiD"	immunomodulatory drug
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or clinical trial notification in Australia
"IPO"	the initial public offering of the Company on the Hong Kong Stock Exchange
"IRC"	Independent Review Board/Committee
"ITK"	inducible T cell Kinase
"ITP"	Immune Thrombocytopenia
"JAK"	janus tyrosine kinase
"Listing"	the listing of the Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Date"	23 March 2020, being the date on which the Shares of the Company were listed on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MCD"	a subtype of diffuse large B-cell lymphoma (DLBCLs), based on co-occurrence of MYD88L265P and CD79B mutations (MCD subtype)
"MCL"	mantle cell lymphoma, a type of B-cell non-Hodgkin lymphoma
"MOA"	Mechanism of Action
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
"MS"	multiple sclerosis
"MZL"	marginal zone lymphoma
"NDA"	new drug application
"NMOSD"	neuromyelitis optic a spectrum disorder, also known as demyelinating autoimmune disease, is a chronic disorder of the brain and spinal cord dominated by inflammation of the optic nerve (optic neuritis) and inflammation of the spinal cord (myelitis)
"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
"NRDL"	National reimbursement drug list

“NSCLC”	non-small cell lung cancer
“NTRK”	neurotrophic tyrosine receptor kinase
“pan-FGFR inhibitor”	pan-inhibitor of fibroblast growth factor receptor (FGFR) family
“pan-TRK inhibitor”	pan-inhibitor of tropomyosin-related kinase family
“pharmacodynamics” or “PD”	the study of how a drug affects an organism, which, together with pharmacokinetics, influences dosing, benefit, and adverse effects of the drug
“pharmacokinetics” or “PK”	the study of the bodily absorption, distribution, metabolism, and excretion of drugs, which, together with pharmacodynamics, influences dosing, benefit, and adverse effects of the drug
“PMS”	Progressive Multiple Sclerosis
“PPMS”	Primary Progressive Multiple Sclerosis
“Prospectus”	the prospectus of the Company, dated 11 March 2020
“Reporting Period”	the six months ended 30 June 2024
“R&D”	research and development
“R/R” or “r/r”	relapsed and refractory
“R-CHOP”	a combination of five drugs as first-line treatment for aggressive non-Hodgkin lymphoma
“RICE”	a combination of four drugs as a treatment for non-Hodgkin lymphoma or Hodgkin lymphoma that has come back after treatment
“RMB”	Renminbi, the lawful currency of the PRC
“RMB Share Issue”	the Company’s initial issue of no more than 264,648,217 RMB Shares which have been listed on the STAR Market since 21 September 2022
“RMB Shares”	the ordinary Shares subscribed for in RMB by target subscribers in the PRC and listed on the STAR Market and traded in RMB
“RRMS”	Relapsing-Remitting Multiple Sclerosis
“SC”	subcutaneous
“Share(s)”	ordinary shares in the share capital of our Company with a nominal value of US\$0.000002 each
“Shareholder(s)”	holder(s) of Share(s)
“SHP2”	non-receptor protein tyrosine phosphatase involved in mediating RAS signaling pathway and immune checkpoint pathway as well for regulation of cellular proliferation and survival



## GLOSSARY AND DEFINITIONS

“SLE”	systemic lupus erythematosus
“SLL”	small lymphocytic lymphoma
“SPMS”	Secondary Progressive Multiple Sclerosis
“SRI”	the SLE Responder Index
“STAR Market”	the Science and Technology Innovation Board of the Shanghai Stock Exchange
“T-cell”	a type of lymphocyte produced or processed by the thymus gland and actively participating in the immune response. T-cells can be distinguished from other lymphocytes, such as B-cells and NK cells, by the presence of a T-cell receptor on the cell surface
“TDCC”	T-cell-dependent cellular cytotoxicity
“TRK”	a family of tyrosine kinases that regulates synaptic strength and plasticity in the mammalian nervous system
“TYK2”	tyrosine kinase 2
“UC” or “urothelial cancer”	urothelial cell carcinoma, a type of cancer that typically occurs in the urinary system and begins in urothelial cells
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. FDA” or “FDA”	U.S. Food and Drug Administration
“US\$” or “USD”	United States dollars, the lawful currency of the United States
“Vivo”	Vivo Opportunity Fund, L.P, a company of Vivo Capital VIII, LLC
“WM”	Waldenstrom’s macroglobulinemia

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Dr. Jisong Cui (*Chairperson and Chief Executive Officer*)  
Dr. Renbin Zhao

### Non-executive Directors

Dr. Yigong Shi  
Mr. Ronggang Xie  
Mr. Ming Jin

### Independent Non-executive Directors

Ms. Lan Hu  
Dr. Kaixian Chen  
Dr. Dandan Dong

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Building 8, No. 8 Life Science Park Road  
Zhongguancun Life Science Park  
Changping District  
Beijing  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre  
No. 248 Queen's Road East  
Wanchai  
Hong Kong

## REGISTERED OFFICE

The offices of Ogier Global (Cayman) Limited  
89 Nexus Way  
Camana Bay  
Grand Cayman  
KY1-9009  
Cayman Islands

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ogier Global (Cayman) Limited  
89 Nexus Way  
Camana Bay  
Grand Cayman  
KY1-9009  
Cayman Islands

## HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor  
Services Limited  
Shops 1712–1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## PRINCIPAL BANKER

Bank of China (Hong Kong) Limited  
1 Garden Road  
Hong Kong

## COMPANY SECRETARY

Ms. Angel Pui Shan Lee

## AUTHORIZED REPRESENTATIVES

Dr. Jisong Cui  
Ms. Angel Pui Shan Lee

## AUDIT COMMITTEE

Ms. Lan Hu (*chairperson*)  
Dr. Kaixian Chen  
Mr. Ronggang Xie

## COMPENSATION COMMITTEE

Ms. Lan Hu (*chairperson*)  
Dr. Jisong Cui  
Dr. Kaixian Chen

## NOMINATION COMMITTEE

Dr. Jisong Cui (*chairperson*)  
Dr. Kaixian Chen  
Ms. Lan Hu

## AUDITOR

Ernst & Young  
Certified Public Accountants  
27/F One Taikoo Place  
979 King's Road, Quarry Bay  
Hong Kong

## STOCK CODE

9969

## COMPANY WEBSITE

[www.innocarepharma.com](http://www.innocarepharma.com)



# BUSINESS HIGHLIGHTS

In the first half of 2024, we made significant progress in our extensive pipeline, which includes 13 valuable assets and 2 commercialized products. We are conducting over 30 ongoing global trials at various clinical stages and maintaining strong business operations with a clear growth strategy across research and development (R&D), manufacturing, commercialization and collaboration.

A key focus has been on enhancing our commercialization capabilities. We have implemented strategic initiatives to expand market reach, optimize sales operations, and strengthen our commercial team. These efforts have resulted in improved market penetration and increased revenue from orelabrutinib.

Key milestones and achievements include:

## BUILDING A LEADING FRANCHISE IN HEMATO-ONCOLOGY

With orelabrutinib serving as our backbone therapy and a key component of our extensive pipeline in hemato-oncology — including tafasitamab, ICP-248, ICP-B02, ICP-490, ICP-B05, and potential future developments from internal and external sources — our goal is to become a leading player in hemato-oncology both in China and worldwide. We intend to address various segments, such as non-Hodgkin lymphoma (“**NHL**”), multiple myeloma (“**MM**”), and leukemia, utilizing both single and combination therapies.

## ORELABRUTINIB

- We have achieved strong revenue growth of our core product 宜諾凱® (Orelabrutinib, Bruton Tyrosine Kinase (“**BTK**”) inhibitor) in the first half of 2024. Orelabrutinib generated product revenue of RMB417.0 million for the six months ended 30 June 2024, an increase of 30.0% compared to RMB320.7 million in the same period of 2023. The rapid sales growth was driven by several key factors:
  - 1) All three approved indications, including relapsed and refractory chronic lymphocytic leukemia/small lymphocytic lymphoma (“**r/r CLL/SLL**”), relapsed and refractory mantle cell lymphoma (“**r/r MCL**”) and relapsed and/or refractory marginal zone lymphoma (“**r/r MZL**”) has been covered in the National Reimbursement Drug List (“**NRDL**”) while maintaining stable pricing.
  - 2) Orelabrutinib has been approved as the first and only BTK inhibitor for r/r MZL in China. MZL is the second most common B-cell non-Hodgkin lymphoma (“**NHL**”) (*Marginal zone lymphoma: 2023 update on diagnosis and management. DOI: 10.1002/ajh.27058*). Orelabrutinib was officially included as a class I recommended regimen for the treatment of r/r MZL patients in the 2024 Chinese Society of Clinical Oncology (“**CSCO**”) Guidelines.
  - 3) Our commercial capabilities have undergone significant enhancement. We have optimized and strengthened our commercial management team. The new management team has developed more executable strategies. Our dedicated team has been optimized to operate with heightened efficiency and strategic focus, ensuring effective execution of our market initiatives. This optimization has bolstered our ability to penetrate markets swiftly and effectively. These advancements underscore our commitment to delivering value and driving sustainable growth in our commercial endeavors.
  - 4) Orelabrutinib’s preferred safety profile has led to better patient compliance and an extended duration of therapy (“**DOT**”).

Given the encouraging sales performance of orelabrutinib, we are confident that the strong sales growth will continue in the second half of 2024.

- The new drug application (“**NDA**”) for r/r MZL was approved by the National Medical Products Administration (“**NMPA**”) in April 2023 as the first and only BTK inhibitor for r/r MZL in China. The overall response rate (“**ORR**”) was 58.9% assessed by Independent Review Committee (“**IRC**”). The estimated 12-month median progression-free survival (“**PFS**”) and overall survival (“**OS**”) were 82.8% and 91%, respectively.
- In the U.S., the patient enrollment of our Phase II registrational trial for r/r MCL was completed and the submission of the NDA to the U.S. Food and Drug Administration (“**U.S. FDA or FDA**”) is under discussion.
- A Phase III registrational trial in China for the first-line (“**1L**”) treatment of MCD subtype Diffuse Large B-cell Lymphoma (“**DLBCL**”) is ongoing to compare orelabrutinib in combination with rituximab, cyclophosphamide, doxorubicin, vincristine, and prednisone (“**R-CHOP**”) versus R-CHOP. This global leading registrational trial in treatment-naïve patients with MCD subtype DLBCL is currently recruiting in 44 sites across China.

#### ICP-B04 (Tafasitamab (“**CD19**”) (Minjuvi®))

- In June 2024, the CDE of the NMPA accepted and granted priority review to the Biologics License Application (“**BLA**”) for tafasitamab in combination with lenalidomide for adult patients with relapsed or refractory DLBCL (“**r/r DLBCL**”) who are not eligible for Autologous Stem Cell Transplant (“**ASCT**”), with BLA approval anticipated in the first half of 2025. At the end of 2022, the BLA of tafasitamab and lenalidomide combination therapy was approved by the Department of Health of the Hong Kong Special Administrative Region for adult patients with r/r DLBCL who are not eligible for ASCT. Under the early access program in Boao Lecheng International Medical Tourism Pilot Zone and Guangdong-Hong Kong-Macao Greater Bay Area (“**Greater Bay Area**”), prescriptions of tafasitamab in combination with lenalidomide were issued in China at the Ruijin Hainan Hospital and Guangdong Clifford Hospital for eligible DLBCL patients.

Tafasitamab, in combination with lenalidomide, has obtained accelerated approval in the US and conditional marketing authorization approval in Europe for the treatment of adults with r/r DLBCL who are not eligible for ASCT. The combination therapy is the first available therapy for second-line treatment for r/r DLBCL patients. In China, tafasitamab in combination with lenalidomide was officially included as a class II recommended regimen for the treatment of adult patients with r/r DLBCL who are ineligible for ASCT in the CSCO Guidelines.

#### ICP-248

- ICP-248 is a novel, orally bioavailable B-cell lymphoma-2 (“**BCL-2**”) selective inhibitor. Currently, we are conducting a Phase II/III trial to evaluate the efficacy and safety of ICP-248 to combo with orelabrutinib for 1L CLL/SLL. Patient enrollment began in May 2024, with 40 patients enrolled as of the date of this report. The Phase I dose escalation and expansion trial of ICP-248 is ongoing, with a primary focus on patients with CLL/SLL, MCL, and other NHL. The preliminary results demonstrated a good safety profile and achieved favorable pharmacokinetics (“**PK**”) which has differentiated ICP-248 from other BCL-2 inhibitors. So far, 47 patients were dosed and among 28 evaluable patients at 100mg (25 patients) or 125mg (3 patients) QD, the ORR was 71.4% and 78.5% for BTKi refractory patients and BTKi naïve patients, respectively. For the BTK inhibitor (“**BTKi**”) failure r/r MCL patients, the ORR was 71.4%. In the U.S., the IND filing was approved in January 2024, and a monotherapy bridging trial has been initiated. Additionally, IND filing of monotherapy for Acute Myeloid Leukemia (“**AML**”) has been accepted by CDE.



## BUSINESS HIGHLIGHTS

### ICP-B02 (CM355)

- ICP-B02 is a CD20 × CD3 bi-specific antibody. We are conducting a Phase I/II clinical trial in China to assess the safety, tolerability, PK, and the preliminary anti-tumor activity of ICP-B02 in r/r NHL. Dose escalation of the intravenous infusion formulation (“**IV**”) was completed and the subcutaneous formulation (“**SC**”) is being evaluated. Our preliminary data of both IV and SC formulations have shown good efficacy of ICP-B02 in patients with follicular lymphoma (“**FL**”) and DLBCL. All the 15 patients who were treated with ICP-B02 at doses ≥6mg achieved response yielding an ORR of 100%. Among 11 patients who were evaluable in SC group, the ORR was 100.0% (11/11) with complete response rate (“**CRR**”) of 63.6% (7/11), including 2 DLBCL patients with CR. All the patients who achieved CR maintained the remission as of the cutoff date. Based on the encouraging results of ICP-B02 single agent, we are planning for a dose expansion study of ICP-B02 in combination with other immunochemotherapies targeting earlier lines of treatment for NHL patients. The IND for the combination therapies has been approved.

### ICP-490

- ICP-490 is a proprietary, orally available small molecule that modulates the immune system and other biological targets through multiple mechanisms of action. We are conducting a Phase I dose escalation study in China with MM and NHL patients. ICP-490 was well tolerated. The favorable safety profile supported the dose escalation to the next dosage level. Pharmacodynamic (“**PD**”) analysis showed deeper degradation of primary pharmacological targets Aiolos (IKZF3) and Ikaro (IKZF1). In September 2023, the IND approval was granted by CDE to initiate the clinical trial for ICP-490 in combination with dexamethasone. ICP-490 shows strong potential to revolutionize MM and NHL treatment and further promise in hemato-oncology therapeutics as a monotherapy or in combination with others.

### ICP-B05 (CM369)

- ICP-B05 is an anti-CC chemokine receptor 8 (“**CCR8**”) monoclonal antibody, a potential first-in-class drug co-developed by InnoCare and KeyMed Biosciences Inc. (“**KeyMed**”) (2162.HK) as a monotherapy or in combination with other therapies for the treatment of various cancers. We are conducting a Phase I trial to evaluate the safety, tolerability, pharmacokinetic characteristics, and efficacy of ICP-B05 in subjects with advanced solid tumors and relapsed or refractory NHL. Dose escalation of ICP-B05 in solid tumors has been escalated up to 150mg, which is also the initial dose designated for NHL. ICP-B05 is well tolerated with no DLTs nor Grade≥3 adverse events (“**AEs**”) observed. The preliminary results demonstrated a favorable PK profile with sufficient exposure for target coverage and regulatory T-cell depletion. Preliminary efficacy was observed in NHL patients: as of August 1, 2024, six patients received at least one primary lesion assessment which was confirmed at successive assessment. Three out of six patients (50%) achieved PR in the primary lesion. Dose escalation is ongoing and we will explore the combination of ICP-B05 with other immunotherapies in various cancer indications after collecting the safety data of monotherapy.

## DEVELOPING B-CELL AND T-CELL PATHWAYS IN AUTOIMMUNE DISEASES

Autoimmune diseases can affect almost every organ in the body and can occur at any point across the lifespan. Many result in chronic and debilitating conditions, and some have no known cure. The global markets for autoimmune diseases therapeutics is anticipated to reach US\$185 billion by 2029, growing moderately at a CAGR of 3.7% over the forecast period, driven by increasing prevalence of autoimmune diseases and immune-related secondary disorders, multiple new product launches, and rising cost for treatments (October 3, 2023 by iHealthcareAnalyst, Inc.). We have fortified our powerful discovery engine in the global frontier targets for the development of autoimmune therapeutics through B-cell and T-cell pathways for the purpose of providing the first-in-class and/or best-in-class treatments to the massive unmet clinical needs with a promising market potential in China and/or worldwide.

### Orelabrutinib

- In September 2024, the Company and the FDA has reached an agreement on the initiation of a phase III study of orelabrutinib in patients with Primary Progressive Multiple Sclerosis (“**PPMS**”). The FDA also encouraged us to initiate a second phase III clinical trial of orelabrutinib in Progressive Multiple Sclerosis (“**PMS**”) in the Secondary Progressive Multiple Sclerosis (“**SPMS**”) population. This is a significant milestone in our ongoing commitment to develop innovative and effective treatments to address unmet medical needs in patients with multiple sclerosis (“**MS**”).
- We have achieved proof of concept (“**PoC**”) of orelabrutinib for the treatment of Immune Thrombocytopenia (“**ITP**”) and the Phase III registrational trial is ongoing in China. First patient was enrolled in October 2023, and last patient in is expected by the end of 2024 or the beginning of 2025. The PoC of ITP Phase II result was orally presented at the European Hematology Association (“**EHA**”) 2023 Hybrid Congress on 12 June 2023 and published at The American Journal of Hematology in April 2024. Generally, 40% of patients taking orelabrutinib 50mg QD met the primary endpoint, 75% (6/8) of patients who had previously responded to glucocorticoids (“**GC**”) / intravenous immunoglobulin (“**IVIG**”) therapies met the primary endpoint at 50mg QD. By leveraging BTK inhibitor’s advantage in ITP, such as decreased macrophage-mediate platelet destruction and reduced production of pathogenic autoantibodies, we positioned orelabrutinib as a preferred BTK inhibitor for idiopathic diseases.
- The Phase IIa trial for systemic lupus erythematosus (“**SLE**”) demonstrated positive results, with remarkable SLE Responder Index (“**SRI**”)-4 response rates observed in a dose dependent manner, along with trends indicating a reduction in proteinuria levels. A Phase IIb trial is ongoing and the patients enrollment has been nearly completed as of the date of this report. Interim analysis is planned and the results will be discussed with CDE for the next steps.





## BUSINESS HIGHLIGHTS

### ICP-332

- ICP-332 is a novel tyrosine kinase 2 (“**TYK2**”) inhibitor that is being developed for the treatment of various T cell related autoimmune disorders. In December 2023, we have announced the positive topline results from the Phase II randomized, double-blind, placebo-controlled study of ICP-332, a once-daily oral inhibitor of TYK-2, in adult patients with moderate-to-severe atopic dermatitis (“**AD**”). Patients with AD treated with ICP-332 for 4 weeks showed excellent efficacy and safety profile. The percentage change from baseline in the Eczema Area and Severity Index (“**EASI**”) score, a measure of the eczema area and severity of atopic dermatitis, reached 78.2% at 80mg once-daily dosing with a statistically significance ( $p < 0.0001$ ) and 72.5% at 120mg once-daily dosing with a statistically significance ( $p < 0.0001$ ) compared to 16.7% for patients receiving placebo. Moreover, ICP-332 achieved multiple efficacy endpoints including EASI 50, EASI 75, EASI 90 (improvement of at least 50%, 75%, and 90% in EASI score from baseline) and Investigator’s Global Assessment (IGA) 0/1 (score of 0 clear or 1 almost clear) in the 80mg and/or 120mg group respectively. EASI 75 reached to 64%/64% at the 80mg and 120mg dosing group respectively, compared to 8% percent for patients receiving placebo ( $p < 0.0001$ ). All treatment-related adverse events (“**TRAEs**”) were mild or moderate, which is comparable to those receiving placebo. We will continue to evaluate the potential of ICP-332 in the Phase III trial of AD, and across other immune-mediated diseases.
- We expect to start the patient enrollment of the Phase III trial for AD in the fourth quarter of 2024 and initiate clinical trial for vitiligo in China. The IND approval of ICP-332 was granted by the FDA for initiating clinical trial in the U.S. in June 2024 and now the subjects enrollment is ongoing.

### ICP-488

- ICP-488 is a potent and selective TYK2 allosteric inhibitor that binds to the pseudo kinase JH2 domain of TYK2 and blocks IL-23, IL12, type 1 IFN, and other cytokine receptors. We plan to develop ICP-488 for the treatments of various autoimmune diseases. As of the date of this report, we have finished the Phase I trial of ICP-488. PK and safety were evaluated in both healthy participants and patients with moderate to severe chronic plaque psoriasis, with preliminary efficacy assessed in the psoriasis patients. Following single dose of ICP-488 administration (1–36 mg), ICP-488 plasma exposures were approximately dose-proportional. There was no apparent accumulation of ICP-488 observed ( $< 1.5$ -fold) in the MAD portion (3–12 mg once-daily). No clinically significant differences in the pharmacokinetics of ICP-488 was observed following co-administration with standard high-fat, high-calorie meals. The least-squares mean percentage change from baseline in the Psoriasis Area and Severity Index (“**PASI**”) score, a measure of the area and severity of psoriasis, indicated a significant difference between the ICP-488 6mg once-daily dosing group and the placebo group at week 4 (37.5% vs 13.8%,  $p = 0.0870$  which was less than two-sided alpha of 0.1). PASI 50 assessments demonstrated a 42% improvement with treatment of ICP-488 at 6mg QD compared with placebo (0%). All TEAEs and TRAEs were mild or moderate with the same incidence rate in both the ICP-488 and placebo arms. The safety and efficacy profile of ICP-488 supported advancing it to Phase II clinical trials in psoriasis patients.
- The Phase II study of psoriasis is ongoing and patient enrollment has been finished in May 2024. We aim to have the topline results by the end of 2024.

### ICP-B02 (CM355)

- ICP-B02 is a CD20 × CD3 T-cell-engaging bispecific monoclonal antibody that redirects T cells to eliminate malignant B cells. ICP-B02 (SC & IV) induced a profound and sustained depletion of peripheral B cells after first infusion in our Phase I/II clinical trial in r/r NHL patients. Given the critical role of B cells in a variety of severe autoimmune diseases, ICP-B02 may have broader applications in severe autoimmune diseases as it is more feasible and tolerable.

### IL-17 Small Molecule

- IL-17 is a pro-inflammatory cytokine that plays an important role in immune functional responses. Orally administered small molecules targeting IL-17A may represent a convenient alternative to IL-17A-targeting monoclonal antibodies for many patients. We have identified a novel, orally available, small molecule that can potentially block the binding of both IL-17AA and IL-17AF to IL-17R.

## BUILDING A COMPETITIVE DRUG PORTFOLIO FOR SOLID TUMOR TREATMENT

In our ongoing efforts to address the growing needs in solid tumor, we are dedicated to building a competitive drug portfolio for the treatment of solid tumors. We strive to expand the breadth of our pipeline to cover solid tumor disease areas through a combination of targeted therapy and immune-oncology approaches. Our R&D team is actively engaged in the discovery and development of novel platform targeting various solid tumors. We are leveraging cutting-edge technologies and innovative approaches to identify and develop potential drug candidates that can offer significant clinical benefits. We believe the potential best-in-class molecule, ICP-723, will enable us to establish a strong presence in the field of solid tumor treatment. To benefit a broader range of patients, our rapidly maturing early-stage pipeline, including cornerstone therapies like ICP-189 and ICP-B05, aims to offer competitive treatment solutions for a wide array of solid tumors to patients both in China and globally.

### ICP-723 (Zurletrectinib)

- A Phase II registrational trial has been initiated in mainland China for ICP-723 in adult and adolescent patients (12+ years of age) with advanced solid tumors harboring NTRK gene fusions. The patient enrollment has been completed and thus far, we have observed an ORR of 80–90%. Zurletrectinib was shown to overcome acquired resistance to 1st generation TRK inhibitors, bringing hope to patients who failed prior TRKi therapy. Furthermore, the IND for the pediatric population (2 years old ≤ age < 12 years old) was approved by CDE in July 2023, and dose escalation for pediatric patients has been finished. We expect to submit the NDA in early 2025.



## BUSINESS HIGHLIGHTS

### ICP-189

- ICP-189 is a potent oral allosteric inhibitor of SHP2 with potential synergistic combinations with a range of targeted therapies or immunotherapies. We are conducting a Phase Ia dose escalation study to evaluate the safety, tolerability, pharmacokinetics and preliminary anti-tumor activity of ICP-189 in patients with advanced solid tumors in China. As of the date of this report, we completed the dose escalation up to the 120mg QD cohort with no DLTs or severe AEs (Grade  $\geq 3$ ) observed. The patient enrollment at 160mg QD is ongoing. ICP-189 demonstrated dose proportional pharmacokinetics and a long half-life. At the 120mg dose, ICP-189 achieved sufficient exposure to effectively cover  $IC_{90}$  for DUSP6 inhibition, a downstream biomarker of MAPK pathway. Preliminary efficacy of ICP-189 monotherapy was observed; one patient with cervical cancer in the 20mg dose cohort achieved a PR that sustained for 14 cycles. Additionally, the Phase I trial to evaluate the safety and efficacy of ICP-189 in combination with ArriVent's furmonertinib, a 3rd generation EGFR inhibitor, for the treatment of non-small cell lung cancer ("**NSCLC**") is ongoing with first patient dosed in March 2024. The combination of 80 mg ICP-189 plus 80 mg furmonertinib was cleared with no DLT observed and dose was escalated to 120 mg ICP-189 plus 80 mg furmonertinib. DUSP6 expression in whole blood was significantly reduced at steady state compared with the baseline, indicating that ICP-189 in combination with furmonertinib can effectively block the MAPK pathway.

### ICP-192 (Gunagratinib)

- Gunagratinib is a potent and highly selective pan-fibroblast growth factor receptor ("**pan-FGFR**") inhibitor that we are developing for the treatment of various types of solid tumors. We have completed the Phase I study, which showed good safety and tolerability, and are currently conducting a Phase II registrational trial in cholangiocarcinoma ("**CCA**") in China. In January 2023, we presented the data from an ongoing Phase IIa dose expansion study of gunagratinib in patients with cholangiocarcinoma at ASCO-GI 2023.

# FINANCIAL HIGHLIGHTS

For the six months ended 30 June

	2024	2023
	RMB'000	RMB'000
Revenue	419,738	377,549
Cost of sales	(60,140)	(76,072)
Gross profit	359,598	301,477
Other income and gains	111,356	131,265
Selling and distribution expenses	(157,153)	(191,208)
Research and development expenses	(420,822)	(358,130)
Administrative expenses	(91,511)	(87,299)
Other expenses	(33,059)	(179,150)
Loss for the period	(267,952)	(429,184)
Adjusted loss for the period (as illustrated under "Non-HKFRSs Measures")	(242,992)	(206,261)

	30 June 2024	31 December 2023
	RMB'000	RMB'000
Cash and related accounts balances*	7,992,222	8,287,136

**Revenue of orelabrutinib** increased by 30.0% to RMB417.0 million for the six months ended 30 June 2024, compared to RMB320.7 million for the six months ended 30 June 2023. Orelabrutinib sales revenue in the second quarter of 2024 increased by 48.8% compared to the second quarter of 2023, driven by the rapid growth in MZL and effective sales execution. **Total Revenue** increased by 11.2% to RMB419.7 million for the six months ended 30 June 2024, compared to RMB377.5 million for the six months ended 30 June 2023, which was primarily attributable to the rapid ramp-up of orelabrutinib sales volume, whilst offset by a decrease in service revenue following the completion of the services fee arrangement with Biogen in the third quarter of 2023.

**Gross Profit** increased by 19.3% to RMB359.6 million for the six months ended 30 June 2024 from RMB301.5 million for the six months ended 30 June 2023. Gross profit margin was 85.7% for the six months ended 30 June 2024, representing an increase of 5.8 percentage point compared with 79.9% for the six months ended 30 June 2023. The gross profit margin improvement was primarily due to the sales combination change of drugs and service.

**Total Operational Expenses**, including selling and distribution expense, research and development expenses and administrative expenses, increased by 5.2% from RMB636.6 million for the six months ended 30 June 2023 to RMB669.5 million for the six months ended 30 June 2024. This change was mainly from (i) decreased selling and distribution expenses by RMB34.0 million from RMB191.2 million for the six months ended 30 June 2023 to RMB157.2 million for the six months ended 30 June 2024 due to continuous improvements in operational efficiency and decreased share-based payment expenses; (ii) increased research and development expenses by RMB62.7 million to RMB420.8 million for the six months ended 30 June 2024 primarily due to increased investment in advanced technology platform innovation and clinical trials aimed at accelerating the Group's transformation; (iii) administrative expenses slightly increased by 4.8% from RMB87.3 million for the six months ended 30 June 2023 to RMB91.5 million for the six months ended 30 June 2024.

\* Cash and related accounts balance include cash and bank balances, other financial assets balance and interest receivables balance.





## FINANCIAL HIGHLIGHTS

**Loss for the period** decreased by 37.6% to RMB268.0 million for the six months ended 30 June 2024 from RMB429.2 million for the six months ended 30 June 2023.

**Cash and related accounts balances** stood at approximately RMB7.99 billion as of 30 June 2024. This robust cash position provides the Company with flexibility to expedite clinical development and invest in a competitive pipeline.

### NON-HKFRSs MEASURES

To supplement the Group's consolidated financial statements, which are presented in accordance with HKFRSs, we also use the adjusted total loss for the period as an additional financial measure, which is not required by, or presented in accordance with HKFRSs. We believe that these adjusted measures provide useful information to shareholders and potential investors in understanding and evaluating our consolidated results of operations in turn as they help our management.

Adjusted total loss for the period represents the total loss for the period excluding the effect of certain non-cash items, namely the unrealized foreign exchange and share-based payment expenses. The term adjusted total loss for the period is not defined under HKFRSs. The use of this non-HKFRSs measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitution to analysis of, our results of operations or financial condition as reported under HKFRSs. Our presentation of this adjusted figure may not be comparable to similarly titled measures presented by other companies. However, we believe that this non-HKFRSs measure reflects our normal operating results by eliminating potential impacts of items that our management do not consider to be indicative of our normal operating performance, and thereby, facilitate comparisons of normal operating performance from period to period and company to company to the extent applicable.

The table below sets forth a reconciliation of total loss to adjusted total loss for the period indicated:

	For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Loss for the period	(267,952)	(429,184)
Adjust:		
Unrealized foreign exchange loss	25,308	178,005
Share-based payment expenses	(348)	44,918
Adjusted loss for the period	(242,992)	(206,261)

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

InnoCare is a commercial stage biopharmaceutical company committed to discovering, developing, and commercializing potential best-in-class and/or first-in-class drugs for the treatment of cancers and autoimmune diseases, being two major therapeutic areas with significant market opportunities and synergies. Led by a well-known management team of seasoned industry executives, we have built a fully integrated biopharmaceutical platform with strong in-house R&D, clinical development, manufacturing, and commercialization capabilities. Our vision is to become a global biopharmaceutical leader that develops and delivers innovative therapies for patients worldwide.

Leveraging our management team's global vision and local expertise, we have built a differentiated and balanced drug portfolio and have launched our first product, orelabrutinib, in China. In addition, we have launched our second commercialized product, tafasitamab, in designated provinces in China for prior clinical use. Our drug candidates target both novel and evidence-based biological pathways. Our discovery and development efforts are focused on drug candidates with evidence-based targets that have the potential to be best-in-class from a safety and/or efficacy perspective. We also devote significant efforts in identifying novel targets and developing therapies with global breakthrough potential.

During the first half of 2024, we have achieved strong revenue growth of orelabrutinib. Leveraging the strong sales momentum following the enhancement of our in-house commercialization team to align with InnoCare version 2.0's goals, as well as the rapid penetration and sales growth in r/r MZL, our core product orelabrutinib achieved fast growth in both revenue and volume with a revenue growth of 30.0% compared to the same period of 2023. The rapid market momentum has validated our commercialization capabilities, and we are confident that strong sales growth will continue in the second half of 2024.

## OUTLOOK AND FUTURE DEVELOPMENT

As we approach our ninth year since the Company's establishment, we anticipate that 2024 will continue to be promising for our commercialized products and pivotal stage pipeline. It marks a transformative year for the Company, transitioning from InnoCare version 1.0 to 2.0. This transformation will be characterized by further expansion of our global R&D footprint, commercialization, and manufacturing capabilities. To accomplish our vision of becoming a global biopharmaceutical leader that develops and delivers innovative therapies for patients worldwide, we will focus on pursuing the following aspects:

### Building A Leading Franchise in Hemato-oncology

With orelabrutinib as our backbone therapy and supported by our extensive pipeline in hemato-oncology — including tafasitamab, ICP-248, ICP-B02, ICP-490, ICP-B05, and potential future developments from both internal and external sources — we aim to become a leading player in the global hemato-oncology field. Our broad clinical program aims to expand the indications covered by our various clinical-stage assets, including myeloma, NHL, and leukemia. In June 2024, the CDE accepted and granted priority review to the BLA for tafasitamab in combination with lenalidomide for adult patients with r/r DLBCL who are not eligible for ASCT, with BLA approval anticipated in the first half of 2025. We are exploring the combination therapy of orelabrutinib and ICP-248 for 1L CLL/SLL patients as a fix-duration treatment choice. Additionally, the IND filing for ICP-248 as a monotherapy for AML has been accepted by the CDE. With the ongoing expansion of our commercialized product portfolio and the strengthening of our commercialization team's capabilities, we remain committed to bringing more treatment options to more patients.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Developing B-cell and T-cell Pathways in Autoimmune Diseases

Orelabrutinib's favorable safety profile and established capability in regulating the B-cell pathway have enabled us to aggressively pursue its application in treating various autoimmune diseases.

In September 2024, the FDA has reached an agreement with the Company on the initiation of a phase III study of orelabrutinib in patients with PPMS and also encouraged us to initiate a second phase III clinical trial of orelabrutinib in PMS in the SPMS population. We are fully committed to accelerating the progress of these projects and bringing the much needed therapies to patients.

We have successfully achieved PoC of orelabrutinib in the ITP Phase II trial in mainland China, and the Phase III registrational trial is currently ongoing.

Based on the positive results from the Phase IIa SLE clinical trial, we believe orelabrutinib could potentially become the first-in-class BTK inhibitor for the treatment of SLE and we are actively moving forward with the Phase IIb trial in China and other development schemes. Furthermore, we have initiated Phase II trials in other autoimmune indications including NMOSD, and are evaluating chronic spontaneous urticaria (“**CSU**”) and hidradenitis suppurativa (“**HS**”), among others.

In addition to orelabrutinib, we are exploring treatments for autoimmune diseases caused by T-cell dysfunctions with other potential candidates, addressing significant unmet clinical needs. As a recognized potential blockbuster novel target, we have successfully obtained the Phase II PoC readout of ICP-332 in AD and early PoC of ICP-488 in psoriasis. We plan to further evaluate various T-cell mediated autoimmune diseases, including vitiligo, SLE, lupus nephritis (“**LN**”), and IBD.

With orelabrutinib as a B-cell pathway regulator, and ICP-332, ICP-488 and IL-17 small molecule inhibitor as T-cell pathway regulators, we believe we are well-positioned to offer oral drug solutions for the significant unmet medical needs in autoimmune diseases.

### Building A Competitive Drug Portfolio for Solid Tumor Treatment in China and Worldwide

In our ongoing efforts to address the growing needs in solid tumor, we are dedicated to building a competitive drug portfolio for the treatment of solid tumors. We strive to expand the breadth of our pipeline to cover solid tumor disease areas through a combination of targeted therapy and immune-oncology approaches. Our R&D team is actively engaged in the discovery and development of novel platform targeting various solid tumors. We are leveraging cutting-edge technologies and innovative approaches to identify and develop potential drug candidates that can offer significant clinical benefits. We believe the potential best-in-class molecule, ICP-723, will enable us to establish a strong presence in the field of solid tumor treatment. To benefit a broader range of patients, our rapidly maturing early-stage pipeline, including cornerstone therapies like ICP-189 and ICP-B05 immune-oncology treatment, aims to offer competitive treatment solutions for a wide array of solid tumors to patients both in China and globally.

### Continuing To Expand Our Pipeline Through In-House Discovery and Business Development Efforts

We will continue to develop our multiple candidates currently at the IND-enabling stage and generate new molecular entities from our proven in-house drug discovery platform.

To further enhance our pipeline and optimize our operational efficiency, we will actively pursue in-licensing and clinical collaboration opportunities that will complement our existing portfolio. A strong emphasis will be placed on licensing assets that could allow us to fully leverage our established clinical development, commercialization, and manufacturing capabilities, and those that have potential synergies with our current pipeline for combination therapies.

# MANAGEMENT DISCUSSION AND ANALYSIS

## PRODUCT PIPELINE

Our current pipeline drugs cover a variety of novel and validated therapeutic targets and drug modalities including monoclonal antibodies, bispecific antibodies, and small molecules for the treatment of various autoimmune diseases, hemato-oncology and solid tumors.

Drug	Target	Indication(s)	Rights	IND Enabling	Dose Escalation			Pivotal Trial		Expected NDA Filing	Market	
					PHIa	PHIb	PH II*	PH II**	PH III			
Hemato-Oncology	ICP-022/ Orelabrutinib	BTK	r/r CLL/SLL		NDA approved: 25 Dec 2020						★ CHN	
			r/r MCL		NDA approved: 25 Dec 2020						★ CHN,SG	
			r/r MZL		NDA approved: 21 Apr 2023						2024 SG	★ CHN
			r/r MCL		Global Development Status						2024	
			1L: CLL/SLL								2024	
			1L: MCL									
			MZL confirmatory									
			1L: MCD DLBCL									
ICP-B04/ Tafastamab	CD19	Tafa + LEN, r/r DLBCL		BLA accepted in June						2024	★ HK	
ICP-B02	CD3 x CD20	Hemato-oncology		Dose escalating in IV&SC								
ICP-248	BCL2	NHL		Dose escalating								
		AML		IND submitted								
ICP-490	E3 Ligase	MM / DLBCL / Hemato-oncology		Dose escalating								
ICP-B05	CCR8	Hemato-oncology		Dose escalating								

★ Listed drug Registrational Trial NDA

Drug	Target	Indication(s)	Rights	IND Enabling	Dose Escalation			Pivotal Trial		Filed	Market
					PHIa	PHIb	PH II*	PH II**	PH III		
Auto-immune Disease	ICP-022/ Orelabrutinib	BTK	SLE								
			MS		Global Phase II Completed						
			ITP								
			NMOSD								
ICP-332	TYK2 – JH1	Atopic Dermatitis		Phase II completed with promising results, phase III initiated							
		Vitiligo									
ICP-488	TYK2 – JH2	Psoriasis									
Solid Tumors	ICP-723/ Zurletrectinib	pan-TRK	NTRK fusion-positive cancers								
	ICP-192/ Gunagratinib	pan-FGFR	Cholangiocarcinoma								
	ICP-189	SHP2	Solid tumors		Dose escalating						
			+EGFRi NSCLC								
ICP-B05	CCR8	Solid tumors		Dose escalating							

★ Listed drug Registrational Trial NDA



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS OVERVIEW

### ORELABRUTINIB COMMERCIALIZATION ACHIEVEMENTS AND MILESTONES



(宜諾凱®, Orelabrutinib, BTK inhibitor)

Orelabrutinib (宜諾凱®), our first and core commercial product, is a highly selective, irreversible BTK inhibitor. It was successfully included in China's NRDL in 2022 for the treatment of patients with *r/r* CLL/SLL and *r/r* MCL. Orelabrutinib has also been included in the updated NRDL in 2024 for the treatment of patients with *r/r* MZL, maintaining the same price as in 2023. Orelabrutinib has been included in the CSCO Guidelines for *r/r* CLL/SLL, *r/r* MCL and *r/r* MZL, and as one of the recommended BTK inhibitors to be combined with chemotherapy for the treatment of *r/r* DLBCL and pCNSL.

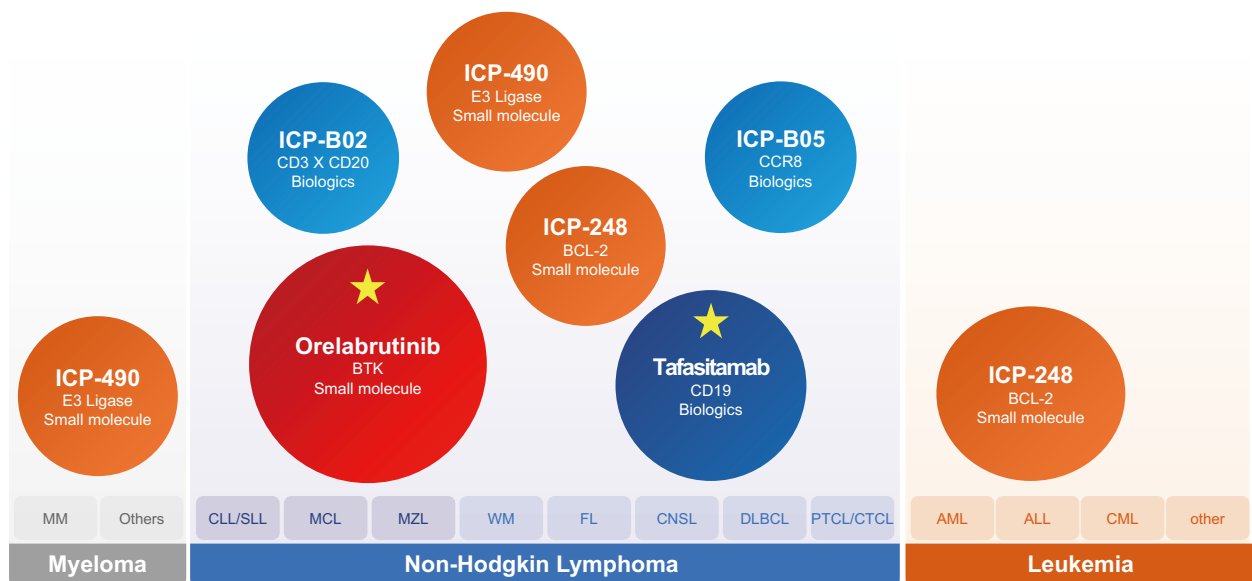
The revenue of orelabrutinib was RMB417.0 million for the six months ended 30 June 2024, representing a 30.0% growth compared to the six months ended 30 June 2023. For the second quarter of 2024, orelabrutinib generated a 48.8% sales growth compared to the second quarter of 2023. With the enhanced in-house team of approximately 330 experienced sales and marketing members, orelabrutinib's promotion coverage has rapidly penetrated core cities and nationally leading hospitals. We expect to capture a substantial market share across all channels by (i) NRDL inclusion of all three approved indications of orelabrutinib; (ii) the first and only approved BTK inhibitor for *r/r* MZL in China; (iii) significant enhanced commercial capabilities; (iv) better patient compliance and extended DOT.

## BUILDING A LEADING FRANCHISE IN HEMATO-ONCOLOGY

With orelabrutinib serving as our backbone therapy and a key component of our extensive pipeline in hemato-oncology — including tafasitamab, ICP-248, ICP-B02, ICP-490, ICP-B05 and potential future developments from internal and external sources — our goal is to become a leading player in hemato-oncology both in China and worldwide. We intend to address various segments, such as NHL, MM, and leukemia, utilizing both single and combination therapies.

We are well underway towards building a leading hemato-oncology franchise to cover NHL and MM segments with (i) our internally developed core therapy orelabrutinib, (ii) the U.S. FDA and European Medicines Agency (“EMA”) approved anti-CD19 antibody Tafasitamab for r/r DLBCL, (iii) multiple pipeline drugs that cover almost all important hemato-oncology targets such as BCL-2, CD20 x CD3, E3 ligase and CCR8, and (iv) a well-established and dedicated commercialization platform in China.

### Comprehensive Coverage for Hemato-oncology



### Orelabrutinib for Hemato-Oncology Diseases

As of the date of this report, we have dosed over 1,300 patients across all of our orelabrutinib trials for oncology and autoimmune diseases. Besides r/r CLL/SLL and r/r MCL, orelabrutinib was approved for r/r MZL, marking it as the first and only BTK inhibitor approved for this use in mainland China. Additionally, multiple registrational trials are ongoing across China and the U.S., including first-line and second-line treatments for various hematological malignancies. The clinical data indicates that orelabrutinib's high target selectivity and exceptional target occupancy rate have resulted in favorable safety and efficacy profiles.

### Orelabrutinib for r/r MZL

MZL is an indolent B-cell NHL and the second most prevalent lymphoma in China, accounting for 8%–10% of all lymphomas. It mainly affects middle-aged and elderly individuals. The annual incidence of MZL has been increasing globally. After first-line treatment, patients with r/r MZL lack effective treatment options.

In April 2023, orelabrutinib received approval from the Chinese NMPA for the treatment of patients with r/r MZL. Orelabrutinib is currently the first and only, BTK inhibitor approved for the treatment of r/r MZL in China.

## MANAGEMENT DISCUSSION AND ANALYSIS

On 16 June 2023, we announced the latest clinical data of orelabrutinib at the 17th International Conference on Malignant Lymphoma (“**ICML**”) during the oral presentation section. Orelabrutinib demonstrated high response rates with durable disease remission and was well tolerated in Chinese patients with r/r MZL. The primary endpoint was ORR assessed by IRC based on the Lugano 2014 classification.

Among the enrolled Chinese patients, the majority had late-stage diseases, with stage IV accounting for 75.9%. After a median follow-up of 24.3 months, the IRC-assessed ORR was 58.9%. The median duration of response (“**DOR**”) and the median PFS was 34.3 months and not reached, respectively. The 12-month PFS rate was 82.8%, and the OS rate was 91%. Treatment was generally well tolerated with most TRAEs being grade of 1 or 2.

We are now conducting a randomized, controlled, double-blind, Phase III study to evaluate the efficacy and safety of orelabrutinib plus lenalidomide and rituximab (R2) versus placebo plus R2 in r/r MZL.

According to publicly disclosed data at ASH 2023 (*Jiadao Xu, Lu-Ya Cheng, Yang Ke, et al. Blood 2023; 142 (Supplement 1): 6146.*), orelabrutinib combined with rituximab shows encouraging anti-tumor activity in MZL, with a favorable safety profile. These results suggest a potential first-line treatment strategy for MZL. Among a total of 10 patients, 3 (30%) achieved CR and 6 (60%) attained PR as their best response, resulting in an ORR of 90%. After a median follow-up of 13.0 months (range 7.8–24.7), the median progression free survival (“**mPFS**”) was not reached, with a 6-month PFS rate of 100%. OS could not be assessed, as no deaths occurred. As of May 6, 2023, 8 patients were receiving orelabrutinib maintenance treatment, with a median duration of maintenance treatment of 9.6 months (range 3.0–17.8). The ORR was 75% (6/8) during maintenance treatment, with 1 patient having stable disease (“**SD**”) and 1 developing progressive disease (“**PD**”). No serious adverse events were observed and off-target related AEs such as atrial fibrillation, diarrhea, and major hemorrhage were not reported.

### Orelabrutinib for r/r CLL/SLL

We did an open-label, multicenter, Phase II study to evaluate the safety and efficacy following 150mg daily oral administration of orelabrutinib in r/r CLL/SLL patients. A total of 80 patients with r/r CLL/SLL were enrolled. According to the data as of 26 June 2023, the median follow-up time was 52.4 months, with 42.5% remaining on treatment. The ORR was 93.8% with 30% CR as assessed by investigator. Median time for achieving first response was 1.84 months. The median DOR and PFS were 52 months and 50 months, respectively. Orelabrutinib showed a significant higher CR rate in r/r CLL/SLL in comparison with other BTK inhibitors at a similar median follow-up period. Long term follow up did not suggest any safety signal other than the ones observed previously. Similar to the previously reported safety results, most AEs were mild to moderate, which indicated that orelabrutinib was well tolerated.

### Orelabrutinib for r/r MCL

MCL is a subtype of B-cell non-Hodgkin lymphoma that results from the malignant transformation of B-lymphocytes in the mantle zone of lymph node follicles. MCL occurs most frequently in men at a median age of 60 years, and the majority of patients are diagnosed in an advanced stage of the disease. Despite high response rates to first-line chemoimmunotherapy, the majority of patients eventually relapse and require subsequent treatment. Currently, there is no standard therapy for r/r MCL. The therapies approved by the Food and Drug Administration for this patient population are still limited, with low rates of CR, short durations of remission, and unfavorable safety and tolerability profiles for older patients.

On 2 May 2023, Blood Advances, part of leading hematology journal Blood, and the Journal of the American Society of Hematology, published the clinical study results of orelabrutinib in r/r MCL patients. The journal concluded that orelabrutinib demonstrated substantial efficacy and was well tolerated in patients with r/r MCL after long-term follow-up.

A total of 106 patients were enrolled in the study. As of 9 June 2023, after a median follow-up of 46.98 months, based on conventional computerized tomography (“**CT**”) assessment, the ORR was 83%, with 35.8% achieving CR, 3.8% achieving unconfirmed complete response (“**CRu**”), and 43.4% obtaining PR, as assessed by the Investigator. Patients experienced a rapid response to the treatment. The median DOR was 25.79 months, and the PFS was 24.94 months. The median OS reached 56.21 months. Orelabrutinib was well-tolerated, demonstrating a favorable safety profile.

In the U.S., enrollment for the global Phase II registrational trial for *r/r* MCL was completed, and the submission of the NDA to the FDA is under discussion. Orelabrutinib has previously been granted breakthrough therapy designation (“**BT**”) from the FDA and will take an accelerated development path in the U.S. Thus far, orelabrutinib has demonstrated a consistent efficacy and safety profile in *r/r* MCL patients across diverse populations, including those from the U.S., China, and other countries.

A prospective, multicenter, single-arm Phase II study of orelabrutinib-lenalidomide-rituximab (OLR) in patients with untreated MCL in China (*Huilai Zhang, Liping Su, Lihong Liu, et al. Blood 2023; 142 (Supplement 1): 736.*) showed that out of 21 patients (75.0%) who completed 6 cycles of induction therapy and were evaluable for response, 16 (76.2%) achieved a CR and 5 (23.8%) obtained a PR, resulting in an ORR of 100%. In addition, 18 of these 21 patients were available for minimal residual disease (“**MRD**”) analysis, with both peripheral blood MRD (“**PB-MRD**”) and bone marrow MRD (“**BM-MRD**”) results being negative in all 18 patients. The median DOR and mPFS were not reached, with the estimated 12-month DOR rate and PFS rate at 90.9% and 92.3%, respectively.

### *Orelabrutinib for 1L CLL/SLL*

This is a randomized, multicenter, open-label, Phase III study to evaluate the efficacy and safety of orelabrutinib with previously untreated CLL/SLL. The primary endpoint of this study is PFS evaluated by the IRC.

The registrational Phase III trial, conducted across 54 sites in China, successfully completed the enrollment of patients for 1L CLL.

### *Orelabrutinib for 1L DLBCL-MCD Subtype*

We have a clear, differentiated strategy for DLBCL, the largest subtype of NHL, with more than 1 million patients worldwide. We initiated our strategy to 1L DLBCL by selecting the MCD subtypes. This is a Phase III, randomized, double-blind, placebo-controlled, multicenter study evaluating the efficacy and safety of orelabrutinib plus R-CHOP versus placebo plus R-CHOP in treatment-naïve patients with MCD subtype DLBCL. The study is currently recruiting in 44 sites across China.

Approximately 40% of DLBCL patients will eventually become refractory/relapsed. This is often attributed to the heterogeneous genetic aberrations within the patient population. Recent research has been more supportive that R-CHOP+X with genetic rationale may provide synergy between multiple novel agents. Among the already classified genetic subtypes, MCD is predominantly enriched with B-cell receptor-dependent NF-KB activation, which indicates this patient sub-group might respond well to BTK inhibitors. The pre-clinical models have demonstrated that orelabrutinib preserves NK-cell-mediated antibody-dependent cell-mediated cytotoxicity (“**ADCC**”) induced by anti-CD20 antibody due to less inducible T cell kinase (“**ITK**”) inhibition. Orelabrutinib’s improved safety profile, attributed to its high kinase selectivity also makes it a better candidate for combination therapies. These findings provide a solid rationale for exploring the combination of orelabrutinib and R-CHOP to improve treatment outcomes of the MCD subtype DLBCL.



## MANAGEMENT DISCUSSION AND ANALYSIS

The real-world data regarding orelabrutinib in combination with R-CHOP for MCD DLBCL were posted at the American Society of Clinical Oncology (“**ASCO**”) in June 2022. Fourteen patients with MCD DLBCL were included in the study. All patients received orelabrutinib 150mg once daily. Among them, 8 were treated with R-CHOP or R-EPOCH, and 6 with RICE, R-CHOP or R2 as second-line therapy. The CRR for the first-line and second-line patients were 75% and 66.67%, respectively. Reported AEs were generally manageable and resolved soon after supportive treatment. The preliminary conclusion is that orelabrutinib containing regimens demonstrated encouraging efficacy with a well-tolerated safety profile among patients with MCD subtype DLBCL. A large-scale prospective registrational clinical study is in progress, which could offer a new therapeutic option for patients with MCD subtype DLBCL.

### *Orelabrutinib for Primary Central Nervous System Lymphoma (“pCNSL”)*

During the EHA 2023 Hybrid Congress, preliminary findings were presented from a Phase II study on the chemo-free combination of pomalidomide, orelabrutinib, and rituximab with sequential high-dose methotrexate in newly diagnosed patients with primary CNS lymphoma.

This is the first study to treat newly diagnosed pCNSL (“**ND pCNSL**”) with a targeted therapy combination before chemotherapy. The regimen of pomalidomide, orelabrutinib, and rituximab produced a high ORR and was well tolerated. This indicates the potential for non-cytotoxic first-line therapies in treating pCNSL.

Survival outcomes of patients with r/r pCNSL remain extremely poor, lacking approved therapies or a widely accepted standard-of-care. In 2022, eight investigator-initiated studies published results showing promising data for orelabrutinib-based regimens in treating both ND pCNSL and r/r CNSL. The ORR of orelabrutinib combined with immunochemotherapy ranged from 88.9% to 100%, with a CR rate of 53.9% to 61.8% in patients with ND pCNSL. The vast majority of the patients with ND pCNSL responded well to the combination of orelabrutinib with traditional immunochemotherapy, with more than half achieving CR. Notably, the mPFS was not reached in these studies, with a 6-month PFS rate ranging from 63.6% to 100%.

In the relapse/refractory setting, approximately 60% of patients with r/r CNSL achieved remission with an ORR of 60% to 86.7%, with most of those that responded achieving CR. The mPFS was 9.8 months, marking a significant improvement from the historical mPFS of around 3 months.

Patients exhibiting enhanced BCR signaling, particularly those with the MYD88 mutation, showed a superior response to treatment. This aligns with the mechanism of action (“**MOA**”) of orelabrutinib, which is designed to target these specific molecular pathways. Importantly, orelabrutinib demonstrates excellent permeability across the blood-brain barrier (“**BBB**”), a critical feature for treating central nervous system conditions. An oral dose of 150mg per day resulted in a median cerebrospinal fluid concentration of 21.6ng/mL and a median BBB permeability rate of 58.6%.

Orelabrutinib combined with immunochemotherapy was well tolerated and manageable. The safety profile observed in these studies was consistent with the results in previous clinical trials. No new safety signals has been observed in pCNSL patients so far.

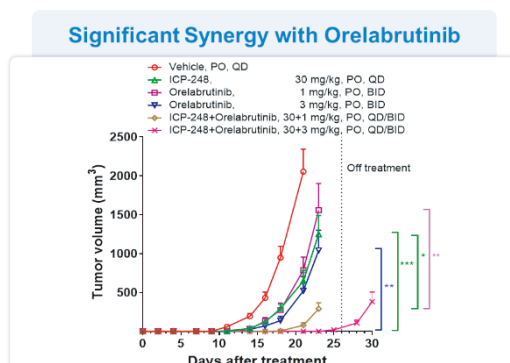
### *Combining orelabrutinib with ICP-248 (BCL-2 inhibitor)*

The advent of BTK inhibitors has revolutionized the treatment landscape for B cell malignancies, especially in CLL/SLL and MCL. These inhibitors have shifted the treatment paradigm for CLL from a disease managed with repeated courses of fixed-duration chemoimmunotherapy to one that is treated with a continuous daily oral therapy. BTK inhibitors have improved PFS when compared to traditional chemoimmunotherapy in frontline CLL treatment, and have been shown to improve OS when compared to fludarabine, cyclophosphamide, and rituximab chemoimmunotherapy. Despite these advancements, BTK inhibitors do not completely eradicate the disease, and achieving disease remissions with undetectable minimal residual disease (“**uMRD**”) are rare. This necessitates ongoing treatment, increasing the risk for both resistance and chronic toxicity.



## MANAGEMENT DISCUSSION AND ANALYSIS

BCL-2 is an anti-apoptotic protein that renders cells resistant to apoptosis. The BCL-2 dysregulation is a key process in the pathogenesis of B cell lymphoma.



The combination of BCL-2 inhibitors and BTK inhibitors increases the depth of response and may induce a longer duration of remission in patients with CLL/SLL and MCL. For patients with CLL/SLL, this combination strategy also provides a fixed-duration therapeutic option. We are exploring the potential of orelabrutinib combined with ICP-248 (BCL-2 inhibitor) for treating CLL/SLL and MCL. Additionally, the dual oral combination therapy aims to provide a more convenient treatment regimen.

### ICP-B04 (Tafasitamab)



We have successfully finished the patient enrollment of the Phase II pivotal trial and the BLA for tafasitamab in combination with lenalidomide for adult patients with r/r DLBCL who are not eligible for ASCT was accepted by the CDE of the NMPA and granted priority review in June 2024.

We anticipate NDA approval in the first half of 2025. This is a single-arm, open-label, multicenter Phase II clinical study evaluating the safety and efficacy of tafasitamab combined with lenalidomide for the treatment of patients with r/r DLBCL. The primary endpoint is to evaluate the ORR assessed by investigator and IRC. The secondary endpoints are DCR, DOR, PFS, time to progression (“TTP”), time to response (“TTR”), OS, and safety. During the EHA 2024 Hybrid Congress, the clinical data was presented. As of the data by 29 January 2024, the ORR assessed by IRC was 73.1%, with 32.7% of patients achieving CR and 40.4% of patients with PR. The ORR assessed by investigators was 69.2%, with 34.6% of patients reaching CR and 34.6% of patients achieved PR.





## MANAGEMENT DISCUSSION AND ANALYSIS

Tafasitamab, in combination with lenalidomide, has obtained accelerated approval in the U.S., and conditional marketing authorization approval in Europe for the treatment of adults with r/r DLBCL who are not eligible for ASCT. Tafasitamab is approved for r/r DLBCL and is the first available therapy for the second-line treatment of r/r DLBCL patients. With a similar role and more stable expression across B-NHL, this CD19 targeted immunotherapy has the potential to become another fundamental therapy for B-NHL.

In the current CSCO Guidelines, tafasitamab in combination with lenalidomide was officially included as a class II recommended regimen for the treatment of adult patients with r/r DLBCL who are ineligible for ASCT.

The BLA for the combination therapy of tafasitamab and lenalidomide was approved by the Department of Health of the Hong Kong Special Administrative Region for adult patients with r/r DLBCL who are not eligible for ASCT. Furthermore, under the early access program in the Boao Lecheng International Medical Tourism Pilot Zone and the Greater Bay Area prescriptions of tafasitamab in combination with lenalidomide were issued at the Ruijin Hainan Hospital and Guangdong Clifford Hospital for eligible DLBCL patients.

As of the date of this report, tafasitamab has been included in the overseas special drug list in 30 provinces and cities in mainland China including Beijing, Shanghai, Hebei, Hainan provinces, Suzhou City, Wuxi City, Foshan City, and Chengdu City, etc.

### *ICP-248*

ICP-248 is a novel, orally bioavailable B-cell lymphoma-2 (“**BCL-2**”) selective inhibitor. BCL-2 plays a crucial role in the apoptotic pathway and is overexpressed in a variety of hematologic malignancies. BCL-2 inhibitors have demonstrated anti-tumor effects by activating the endogenous mitochondrial apoptosis pathway, leading to rapid cancer cell apoptosis. We have developed ICP-248 as a selective BCL2 inhibitor characterized by enhanced metabolic stability and reduced drug-drug interaction (“**DDI**”) liability. Given the outstanding safety and efficacy profile of orelabrutinib, we are confident that the combination of ICP-248 and orelabrutinib will overcome resistance issues observed in existing BCL-2 inhibitors. We intend to develop ICP-248 in combination with orelabrutinib for the treatment of CLL/SLL and other NHLs.

Currently, the Phase I trial in mainland China is progressing. This is an open-label, multicenter, Phase I dose escalation and dose expansion study to evaluate the safety and preliminary efficacy of ICP-248 in r/r B-cell malignancies in China, mainly including CLL/SLL, MCL and other NHL. Preliminary results have demonstrated a good safety profile and favorable pharmacokinetics, with high exposure at relatively low dose levels, distinguishing ICP-248 from other BCL-2 inhibitors. So far, 47 patients were dosed and among 28 evaluable patients at 100mg (25 patients) or 125mg (3 patients) QD, the ORR was 71.4% and 78.5% for BTKi refractory patients and BTKi naïve patients, respectively. For the BTKi failure r/r MCL patients, the ORR was 71.4%. As a core asset for our Company’s global development strategy, ICP-248 was approved for clinical trials by the FDA in January 2024. In the U.S., the IND filing was approved in January 2024, and a monotherapy bridging trial has been initiated.

Additionally, IND filing of monotherapy for AML has been accepted by CDE.

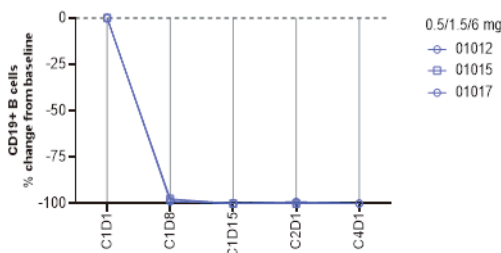
For the combination of BCL-2 inhibitors and BTK inhibitors, we are conducting a Phase II/III trial to evaluate the efficacy and safety of ICP-248 to combo with orelabrutinib for 1L CLL/SLL. Patient enrollment began in May 2024, with 40 patients enrolled as of the date of this report.

## ICP-B02 (CM355)

ICP-B02 is a CD20 × CD3 bispecific antibody co-developed with KeyMed for the treatment of B-cell non-Hodgkin's lymphoma as a monotherapy or in combination with other therapies. In preclinical studies, it demonstrated stronger TDCC activities with less cytokine release as compared to its leading competitors.

As of the date of this report, we have completed the dose escalation of the intravenous infusion formulation (“**IV**”) of ICP-B02 and are currently evaluating the subcutaneous formulation (“**SC**”). Encouragingly, our preliminary data for both the IV and SC formulations have shown good efficacy in patients with follicular lymphoma (“**FL**”) and DLBCL. Remarkably, all 15 patients treated with ICP-B02 at dose ≥6mg responded, achieving an ORR of 100%. In the SC group, among 11 evaluable patients, the ORR was 100.0% (11/11), with a CRR of 63.6% (7/11), including 2 DLBCL patients with CR. Most responders are still under treatment with sustained responses. Based on these encouraging results, we plan to initiate a dose confirmation and expansion study in ICP-B02 in combination with other immunochemotherapies for earlier lines of treatment in NHL patients. The IND application for these combination therapies was approved by the CDE in June 2024.

### Rapid and profound depletion of peripheral B cells



ICP-B02 induced rapid and deep B cell depletion in both peripheral blood and tissues in clinical study. ICP-B02 (SC & IV) induced a profound and sustained depletion of peripheral B cells after the first infusion in our Phase I/II clinical trial in r/r NHL patients. Two patients with baseline bone marrow involvement were reassessed after achieving CR, and CD19 or CD20 positive B cells were completely depleted in the bone marrow, indicating deep B cell depletion in tissues. Given the critical role of B cells in a variety of severe autoimmune diseases, ICP-B02 may have wider applications in severe autoimmune diseases as it is more feasible and tolerable.

## ICP-490

ICP-490 is a proprietary, orally available, next generation Cereblon (“**CRBN**”) E3 Ligase modulator. As an immunomodulatory drug (“**IMiD**”), it modulates the immune system and influences other biological targets through targeted protein degradation (“**TPD**”).

ICP-490, by specifically binding to the CRL4CRBN E3 Ligase complex, triggers the ubiquitination and subsequent degradation of transcription factors, including IKZF1 (“**Ikaros**”) and IKZF3 (“**Aiolos**”). In the in vivo efficacy studies, ICP-490 demonstrated significant anti-tumor effects in various MM and DLBCL xenograft models. Notably, ICP-490 overcomes acquired resistance against earlier generations of CRBN modulators in both in vitro and in vivo efficacy studies. Furthermore, ICP-490 synergizes with the anti-CD38 antibody daratumumab in preclinical assays by enhancing its ADCC activity, thus providing a strong scientific rationale for exploring combinatory treatments in clinical settings.



## MANAGEMENT DISCUSSION AND ANALYSIS

Preliminary data on ICP-490 was selected for oral presentation at the 2023 American Association for Cancer Research annual meeting on 18 April 2023. Cell viability assays reveal robust in vitro efficacies of ICP-490 against various MM and NHL (including DLBCL) cell lines with nanomolar  $IC_{50}$  values. ICP-490 also exhibits potent anti-proliferative activity against lenalidomide-resistant cell lines. Importantly, while it shows a strong tumor killing effect, ICP-490 does not exhibit cytotoxicity against normal human cells. In vivo efficacy studies have further confirmed the effectiveness of ICP-490 against various MM and DLBCL xenografts models.

The immune modulation activity of ICP-490 has also been illustrated in a combinatory treatment with monoclonal antibody. A low dose of ICP-490 leads to robust induction of IL-2 and granzyme B, significantly enhancing the efficacy of anti-CD38 mAbs daratumumab in MM and NHLs. ICP-490 demonstrates synergistic tumor killing effects when combined with the BTK inhibitor orelabrutinib. These findings provide solid scientific rationales for exploring combinatory treatments in clinical settings.

As of the date of this report, we are conducting a Phase I dose escalation study in China focused on patients with MM. ICP-490 was well tolerated. This safety profile has supported the decision to continue dose escalation to the next dosage level. Preliminary efficacy of ICP-490 monotherapy was observed in one patient who achieved a minimal response (“MR”). PD analysis revealed deeper degradation of the primary pharmacological targets Aiolos, (IKZF3) and Ikaro (IKZF1). In September 2023, the CDE granted IND approval to initiate a clinical trial of ICP-490 in combination with dexamethasone. ICP-490 shows strong potential to revolutionize treatment of MM and other hemato-oncology indications, whether as a monotherapy or in combination with other therapies.

### *ICP-B05 (CM369)*

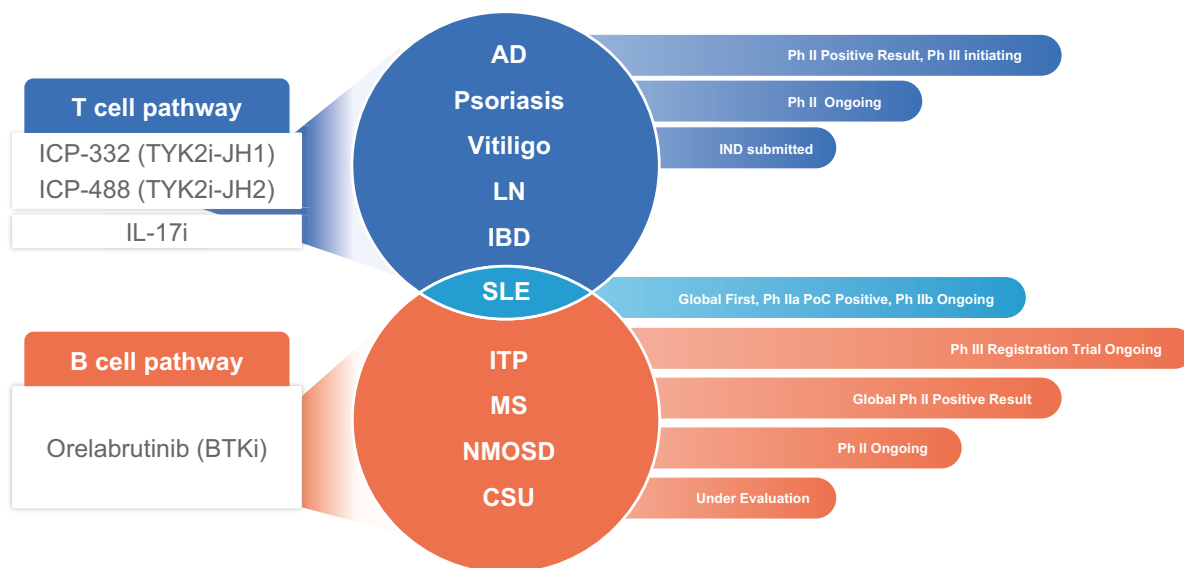
ICP-B05, an anti-C-C motif chemokine receptor 8 (“**CCR8**”) monoclonal antibody, is a potential first-in-class drug co-developed by our Company and KeyMed as a monotherapy or in combination for the treatment of various cancers. CCR8 has been shown to be selectively overexpressed on immunosuppressive regulatory T cells (“**Tregs**”) in the tumor microenvironment (“**TME**”). ICP-B05 binds to CCR8 positive Tregs and eradicates immunosuppressive Tregs through ADCC to augment the anti-tumor immunity in TME while preserving peripheral homeostasis. ICP-B05 stands as a potentially groundbreaking therapy in our arsenal against solid tumors, offering a targeted approach to deplete Tregs within the tumor microenvironment. This specificity in targeting Tregs promises to deliver more precise anti-tumor activity compared to other available immunotherapies. Its unique mechanism not only enhances our capabilities in solid tumor management but also synergizes with our existing treatment pipelines, reinforcing our position in the field of oncology. By focusing on the optimal depletion of tumor-associated Tregs, ICP-B05 could significantly improve therapeutic outcomes and mark a significant step forward in precision immunotherapy.

Currently, we are conducting a Phase I trial to evaluate the safety, tolerability, pharmacokinetic characteristics, and efficacy of ICP-B05 in subjects with advanced solid tumors and relapsed/refractory NHL. For solid tumors, the dosage of ICP-B05 has been escalated up to 150mg, which is also the initial dose designed for NHL. ICP-B05 was well tolerated with no DLTs nor  $\geq$ grade3 TRAEs observed. The preliminary results demonstrated a favorable PK profile with sufficient exposure for target coverage and regulatory T-cell depletion. Preliminary efficacy was observed in NHL patient: as of August 1, 2024, six patients received at least one primary lesion assessment and confirmed at successive assessment. Three out of six patients (50%) achieved PR in the primary lesion. We will explore the combination of ICP-B05 with other immunotherapies in various cancer indications after collecting the monotherapy safety data.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Developing B-cell and T-cell Pathways in Autoimmune Diseases

We have fortified our powerful discovery engine to focus on global frontier targets for the development of autoimmune therapeutics. By targeting both B-cell and T-cell pathways, our aim is to provide first-in-class or best-in-class treatments that meet vast unmet clinical needs with a promising market potential worldwide and/or in China markets.



AD: Atopic Dermatitis  
LN: Lupus Nephritis  
IBD: inflammatory bowel disease

SLE: Systemic Lupus Erythematosus  
ITP: Idiopathic Thrombocytopenic Purpura  
MS: Multiple Sclerosis

NMOSD: Neuromyelitis Optica Spectrum Disorders  
CSU: Chronic Spontaneous Urticaria

Leveraging orelabrutinib’s favorable safety profile, high selectivity, and central nervous system (“**CNS**”) penetrance, we have established B-cell pathway regulation capabilities, enabling us to actively pursue its application in treating various auto-immune diseases. Orelabrutinib achieved favorable PoC results in the treatment of ITP patients, particularly in those who had responded to previous GC/IVIG therapies. In the first half of 2023, we have initiated the registrational Phase III trial in China. Based on the positive results from the Phase IIa SLE clinical trial, we believe orelabrutinib could potentially become the first-in-class BTK inhibitor for the treatment of SLE and a Phase IIb trial has been initiated in China. Furthermore, we are progressing Phase II trials in other autoimmune indications, including NMOSD, with further potential indications such as CSU and HS.

Meanwhile, we are exploring the possibility of treating autoimmune diseases induced by T-cell dysfunctions with other potential candidates. We are developing ICP-332 and ICP-488, two TYK2 inhibitors for the treatment of various T-cell mediated autoimmune diseases, such as AD, psoriasis, vitiligo, SLE, LN, Crohn’s disease (“**CD**”), and ulcerative colitis (“**UC**”).

With orelabrutinib as a B-cell pathway regulator and ICP-332 and ICP-488 as T-cell pathway regulators in hand, we believe we are well positioned to provide oral drug solutions for the substantially unmet medical needs in autoimmune diseases.

## MANAGEMENT DISCUSSION AND ANALYSIS

### B Cell Pathway — Orelabrutinib for Autoimmune Diseases

BTK is a member of the TEC family and is expressed in B lymphocytes, mast cells, macrophages, monocytes, and neutrophils. It is a key kinase in the BCR signaling pathway, and regulates B cell proliferation, survival, differentiation, and cytokine expression. The abnormal activation of BTK related signaling pathways can mediate autoimmune diseases. BTK has become a new and popular therapeutic target for autoimmune diseases.

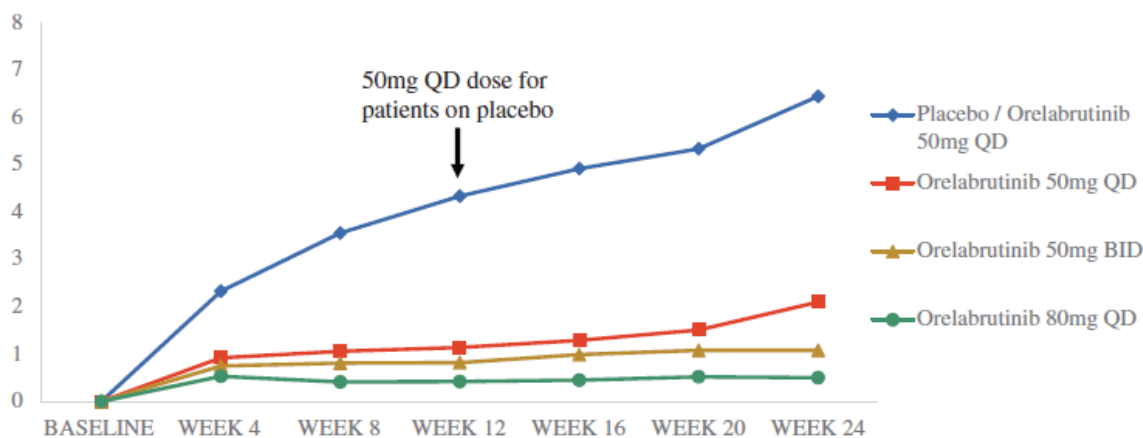
Because of orelabrutinib's high target selectivity and good safety profile, we are evaluating it as a novel therapy for the treatment of various autoimmune diseases.

### Orelabrutinib for MS

In September 2024, the Company and the FDA has reached an agreement on the initiation of a phase III study of orelabrutinib in patients with PPMS. The FDA also encouraged us to initiate a second phase III clinical trial of orelabrutinib in PMS in the SPMS population. We have also completed the global Phase II clinical study to evaluate the use of orelabrutinib in patients with relapsing-remitting multiple sclerosis ("RRMS").

The 24-week data from the MS global Phase II trial is consistent with previous reported positive 12-week data in terms of both efficacy and safety. The primary endpoint was achieved dose — dependently ( $C_{max}$  driven) in all three active orelabrutinib treatment groups. All orelabrutinib groups achieved T1 new lesion control after 4 weeks of treatment and the effect was sustained up to 24 weeks. 92.3% relative reduction was achieved in cumulative number of new Gd + T1 lesions at week 24 at 80mg QD compared to the placebo arm (the placebo arm switched to orelabrutinib 50mg QD after Week 12), which stands out as a leading efficacy when compared to other MS therapies approved or in development stages.

**Adjusted Mean Cumulative Number of New Gd+ T1 Brain Lesions Up to Week 24  
(PHS Population, N=115)**



Note: QD=once daily, BID=twice daily, CI=confidence interval, Gd+=gadolinium-enhancing.

## MANAGEMENT DISCUSSION AND ANALYSIS

Cumulative number of New Gd+ T1 Lesion from Week 4 to Week 24	Placebo / Orelabrutinib 50mg QD (N=27)	Orelabrutinib 50mg QD (N=30)	Orelabrutinib 50mg BID (N=29)	Orelabrutinib 80mg QD (N=29)
Adjusted mean cumulative number (95% CI) of lesions from W4 to W24	6.45 (3.62, 11.52)	2.10 (0.62, 7.11)	1.08 (0.30, 3.81)	0.50 (0.09, 2.74)
<b>Percent reduction</b>		<b>67.4</b> (-22.0, 91.3)	<b>83.3</b> (33.2, 95.8)	<b>92.3</b> (56.5, 98.6)
<b>P-value</b>		<b>0.0958</b>	<b>0.0114</b>	<b>0.0037</b>

The 80mg QD cohort showed the highest reduction rate of cumulative number of new lesions (Gd+T1 lesions) and the best for lesion control throughout 24 weeks with lowest incidence of liver-related TEAEs, indicating its potential as an MS treatment therapy with leading efficacy. A total of two cases of ALT/AST >8xULN were reported, including one in the 50mg BID group and another in the 50mg QD group. The safety profile of 80mg QD is similar to that of placebo. We are actively working with the FDA to lift the partial clinical hold.

On 15 February 2023, Biogen terminated the collaboration and license agreement with us on orelabrutinib's global development, returning all global rights, including intellectual property, research, manufacturing, and commercial proceeds. Following the termination, InnoCare has regained all global rights granted to Biogen under the Agreement, including related intellectual property, decision-making regarding research and development, manufacturing, and commercialization, and commercial proceeds generated from orelabrutinib. We have completed the transition in May.

***For details, see our announcement dated 15 February 2023 published on the websites of the Stock Exchange and the Company.***

In conclusion, with the ability to cross the blood brain barrier, orelabrutinib has the potential to inhibit B cell and myeloid cell effector functions in the CNS, and may provide a clinically meaningful benefit in all forms of MS especially in PPMS and SPMS. The Phase II MS global open-label extension ("OLE") part of the study is ongoing. Given the encouraging clinical outcomes from multiple autoimmune trials, we remain confident and committed to accelerating the global development of orelabrutinib as a potential best-in-class BTK inhibitor for MS and other autoimmune diseases.

### *Orelabrutinib for ITP*

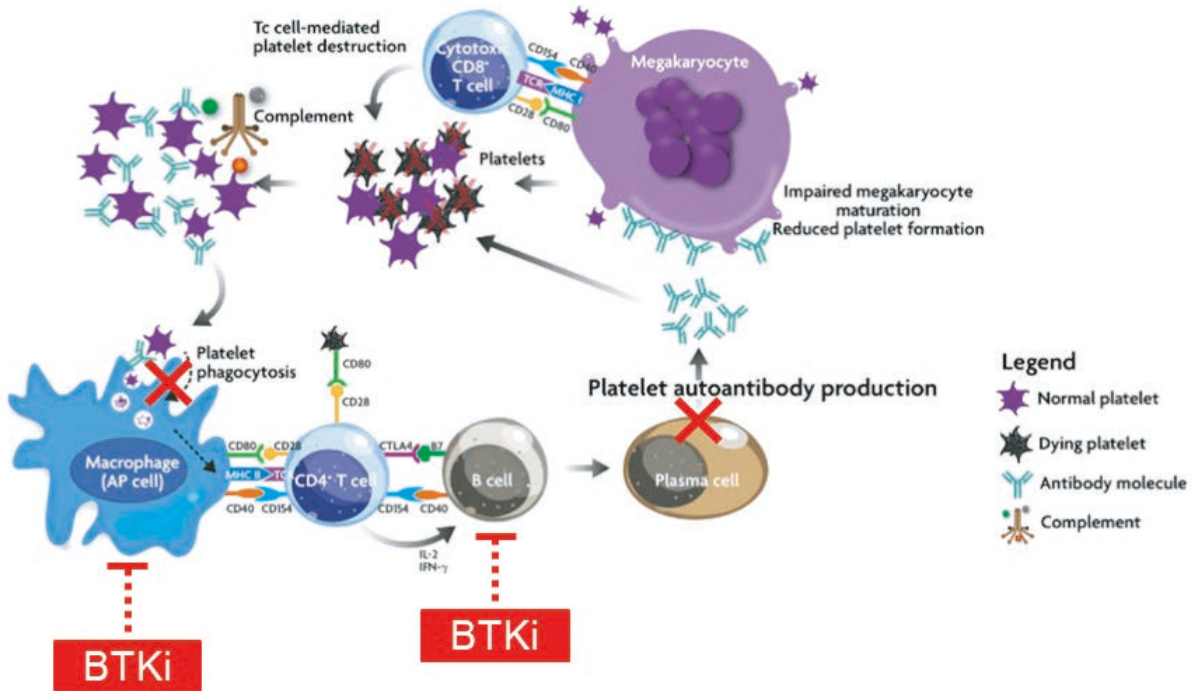
ITP, also referred to as immune thrombocytopenic purpura, is an acquired immune mediated disorder characterized by a decrease in peripheral blood platelet counts, resulting in an increased risk of bruising and bleeding. The main pathogenesis of ITP is the loss of immune tolerance to platelet auto-antigens. This immune intolerance leads to increased platelet destruction and decreased platelet production from megakaryocytes by autoantibodies and cytotoxic T lymphocytes.

ITP, which has a U.S. prevalence of 23.6 cases out of 100,000 and a China prevalence of 9.5 cases out of 100,000, represents hundreds of thousands of patients globally. Current therapies, including corticosteroids, thrombopoietin receptor agonists, anti-CD20 monoclonal antibodies, and spleen tyrosine kinase inhibitors lack long-term tolerability or durable sustained responses. New safe and effective treatment options are needed for patients who have inadequate responses to previous treatment lines.



## MANAGEMENT DISCUSSION AND ANALYSIS

BTK is a key kinase in the B cell receptor signaling pathway, which is essential for the activation of B lymphocytes, macrophages, and other immune cells as well as the production of antibodies in the pathological process of ITP. No BTK inhibitor has yet been approved for the treatment of patients with ITP globally. Orelabrutinib, with its high target selectivity and good safety profile, has the potential to become a novel treatment option for ITP patients.



### Current Status

In the first half of 2023, the Phase II clinical trial of orelabrutinib for the treatment of ITP was completed in mainland China. This is a randomized, multicenter, open-label Phase II study to evaluate the efficacy and safety of orelabrutinib in adult patients with persistent or chronic primary ITP and provide a basis for a Phase III study design and dose selection. The primary endpoint was the proportion of subjects with platelet count  $\geq 50 \times 10^9/L$  (platelet count should be detected at least twice consecutively, with an interval of at least 7 days) without rescue medication in the 4 weeks preceding the count elevation. As of the cut-off date on 6 Feb 2023, 33 patients were enrolled. Both the 50mg QD and 30mg QD doses of orelabrutinib were safe in the treatment of patients with ITP. Generally, patients receiving the 50mg QD dose responded rapidly with better efficacy, especially in those who had responded to previous GC/IVIG therapies. Overall, 36.4% (12/33) of patients met the primary endpoint, with 40% (6/15) of patients at the 50mg cohort reaching the primary endpoint. Among the 12 patients with primary endpoint response, 83.3% (10/12) of the patients achieved a durable response defined as the percentage of patients with platelet count  $\geq 50 \times 10^9/L$  for at least 4 of the 6 visits between weeks 14 and 24. Among the 22 patients who previously responded to GC or IVIG, 75.0% (6/8) of patients at the 50mg arm achieved the primary endpoint. Orelabrutinib demonstrated a favorable safety profile in the treatment of ITP, with all TRAEs being of grade 1 or 2.

The favorable Phase II results demonstrated a proof of concept of orelabrutinib in ITP and provided us with the confidence to move the project forward. By leveraging the BTK inhibitor's advantage in ITP of decreased macrophage-mediated platelet destruction and reduced production of pathogenic autoantibodies, we positioned orelabrutinib as a preferred BTK inhibitor to obtain approval for the treatment of this idiopathic disease.

## MANAGEMENT DISCUSSION AND ANALYSIS

The proof of concept of the ITP Phase II result was selected as an oral presentation at the EHA 2023 Hybrid Congress on 12 June 2023 and published at The American Journal of Hematology in April 2024.

Since we have achieved PoC of orelabrutinib for the treatment of ITP, we are currently conducting a registrational trial in China with the first patient enrolled in October 2023. Patient enrollment is expected to be completed by end of 2024 or at beginning of 2025.

### Orelabrutinib for SLE

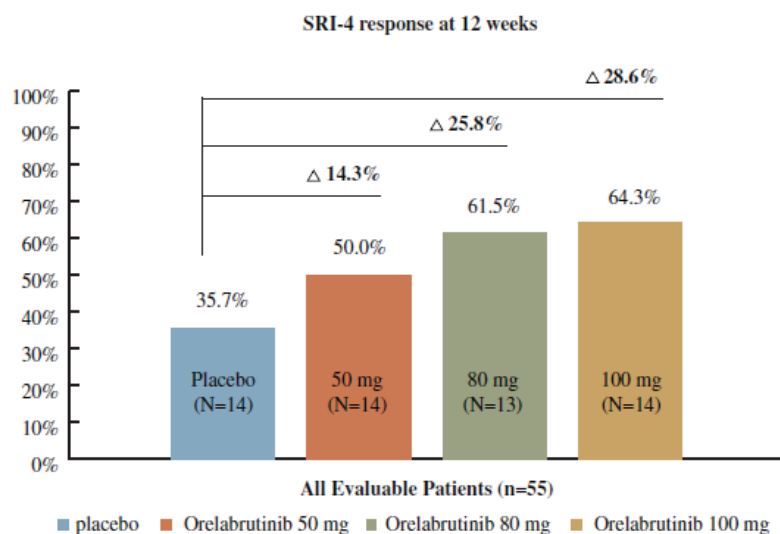
Orelabrutinib inhibits the BCR signaling cascade by binding to BTK, hence preventing the proliferation and activation of B cells in autoimmune diseases. Pre-clinical data demonstrated that orelabrutinib has dose dependent effects on the improvement of kidney function, the inhibition of arthritis, and the reduction of inflammation in SLE mouse models.

The root causes of SLE include family history, hormones, unhealthy lifestyles, certain environmental factors, drugs, and infections. The number of SLE patients in China is estimated to reach 1.06 million by 2025 with a compound annual growth rate of 0.7% from 2020 to 2025, and approximately to 1.09 million by 2030 with a compound annual growth rate of 0.5% from 2025 to 2030.

### Current Status

In China, orelabrutinib's Phase IIa trial for SLE showed positive results. This is a randomized, double-blind, placebo-controlled, dose-finding study aimed to evaluate the safety and tolerability of orelabrutinib in patients with mild to moderate SLE. The patients receiving standard therapy were randomized at a ratio of 1:1:1:1 to receive oral orelabrutinib at 50mg QD, 80mg QD, 100mg QD or placebo once daily, for 12 consecutive weeks.

The Phase IIa results showed that orelabrutinib was safe and well tolerated at all doses. A dose dependent efficacy was observed in evaluable patients treated with orelabrutinib. The SRI-4 response rates at 12-week were 35.7%, 50.0%, 61.5% and 64.3% in patients treated with placebo, 50mg/day, 80mg/day and 100mg/day of orelabrutinib, respectively. Treatment with orelabrutinib led to a reduction in levels of proteinuria, and improvement of immunologic markers, including reduced immunoglobulin G and increased complements C3 and C4. The result of this Phase IIa study was presented through a late-breaking oral presentation at 2022 European Alliance of Associations for Rheumatology ("EULAR").





## MANAGEMENT DISCUSSION AND ANALYSIS

Based on the Phase IIa results, we have initiated a Phase IIb study, and the patients enrollment has been nearly completed across 40 sites in China as of the date of this report. This is a randomized, double-blind, placebo-controlled, multicenter, Phase IIb study evaluating the efficacy and safety of orelabrutinib in adult patients with moderate to severe SLE. The primary purpose of the trial is to evaluate the efficacy of orelabrutinib in SLE subjects, with a secondary objective of evaluating the safety, tolerability, and impact on the quality of life of subjects with moderate to severe SLE. The patients receiving standard therapy were randomized at a ratio of 1:1:1 to receive oral orelabrutinib at 50mg, 75mg, or placebo once daily, for 48 consecutive weeks. The primary endpoint is the SRI-4 response rate with other secondary points including time to first flare, steroid dose reduction, proteinuria, change in the number of swollen and tender joints, changing from baseline in complement C3, complement C4, and anti-dsDNA antibody levels, etc. An interim data analysis for 48 weeks with 50% of the patients is scheduled, and the results will be discussed with CDE for the next steps.

Based on the Phase IIa data, orelabrutinib has the potential to become the first BTK inhibitor that controls the disease activity in SLE patients, and its oral administration should have obvious advantages over commonly used injectable SLE drugs.

### *Orelabrutinib for NMOSD*

NMOSD is a chronic inflammatory demyelinating autoimmune disease of the central nervous system mainly involving the optic nerve and spinal cord, which are mediated by antigen-antibodies related to humoral immunity. Clinically, it is characterized by attacks of predominantly optic neuritis and longitudinally extensive transverse myelitis. One of the latest Chinese epidemiological study based on inpatients shows that the peak incidence of the disease is 45–65 years old, the incidence rate is 0.445/100,000 people per year, and the ratio of female to male is 4.71:1.

BTK is a key kinase in B cell receptor signal transduction pathway, which is responsible for regulating B cell proliferation, differentiation, maturation and cytokine expression. Abnormal activation of BTK related signaling pathway can lead to autoantibody production and autoimmune diseases. Thus, BTK inhibitors, especially a brain penetrant BTK inhibitor such as orelabrutinib hold high potential to become a novel therapy for NMOSD.

### *Current Status*

As of the date of this report, one investigator initiated trial (“IIT”) Phase II trial is ongoing, and we plan to initiate InnoCare sponsored trial when we obtain the primary results.

### T Cell Pathway — TYK2 for Autoimmune Diseases

#### ICP-332

ICP-332 is a small molecule inhibitor of TYK2 that is being developed for the treatment of various autoimmune disorders. TYK2 is a member of the JAK family and plays a critical role in transducing signals downstream of IL-12/IL-23 family interleukin receptors as well as type I interferon (“IFN”) receptor. These cytokine/receptor pathways drive the functions of T helper 17 (“TH17”), TH1, B and myeloid cells which are critical in the pathobiology of multiple autoimmune and chronic inflammatory diseases including psoriasis, psoriatic arthritis, inflammatory bowel disease, lupus, AD, etc. ICP-332 was designed to be a potent and selective TYK2 inhibitor with 400 folds of selectivity against JAK2 to avoid the adverse events associated with nonselective JAK inhibitors. Thus, by selective inhibition of TYK2, ICP-332 may become a potential therapy for multiple autoimmune diseases, such as atopic dermatitis, psoriasis, vitiligo, psoriatic arthritis, systemic lupus erythematosus, IBD, dermatomyositis and uveitis, with a better safety profile.

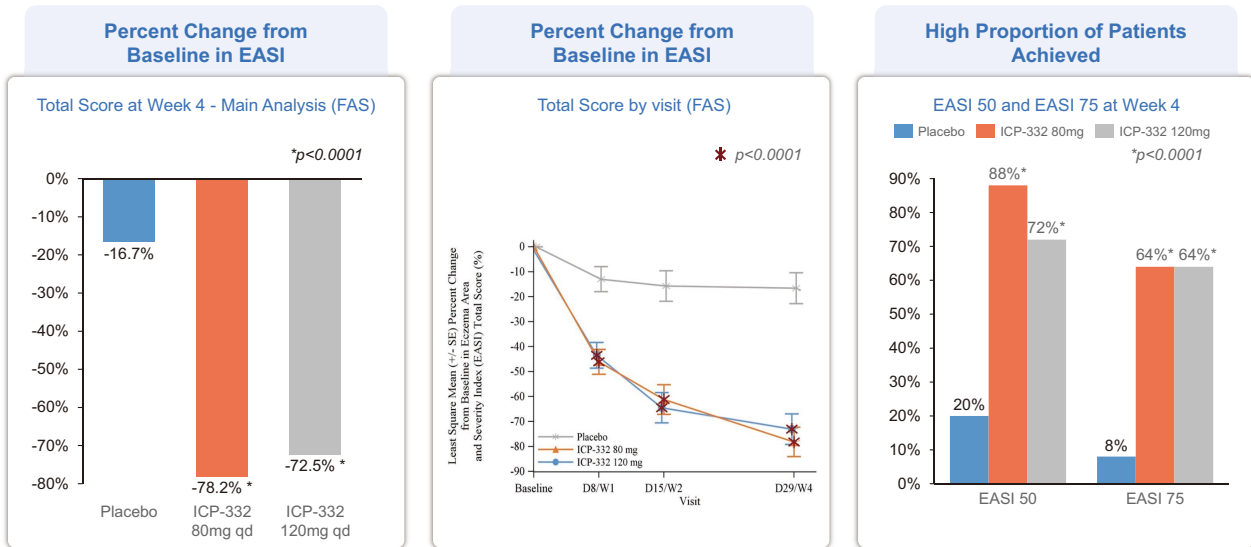
Atopic dermatitis is one of the most common skin eczemas and causes itching, redness and inflammation. According to Pharma Intelligence, atopic dermatitis has become a major autoimmune disease, with a 12-month prevalence rate ranging from 0.96–22.6% in children and 1.2–17.1% in adults, indicating a global market potential of US\$10 billion in 2030. In China, according to Frost & Sullivan Analysis, AD patients numbered 65.7 million in 2019, and is estimated to reach 81.7 million people by 2030, reflecting a compound annual growth rate of 1.7%. For moderate and severe patients, AD could seriously impact life quality due to recurring itching, which is associated with sleep disturbances in 33% to 90% of adult patients per *J Allergy Clin Immunol Pract.* 2021 Apr; 9(4): 1488–1500. Thus, reducing itching was an urgent need for most patients with moderate to severe AD disease. With the tremendous potential to address the massive unmet medical needs of millions of patients indicated above, we anticipate ICP-332 will become a cornerstone product of our autoimmune franchise.

#### Current Status

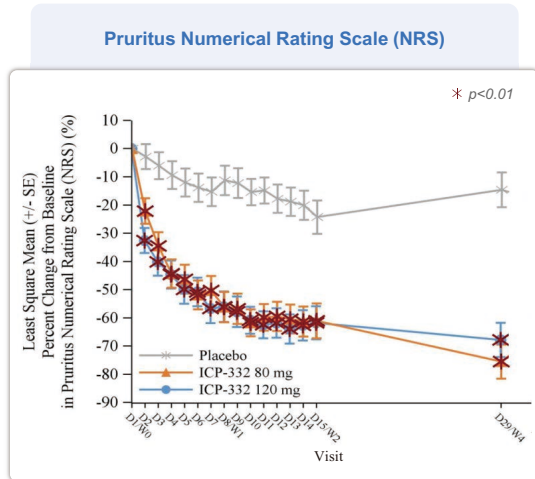
We have announced the positive Phase II PoC data in December 2023. The Phase II study is a randomized, double-blind, placebo-controlled trial evaluating the safety, efficacy, pharmacokinetics, and pharmacodynamics of ICP-332 in moderate-to-severe atopic dermatitis. A total of 75 adult subjects with moderate to severe AD were enrolled with 25 subjects in the 80mg QD treatment group, 120mg QD treatment group and placebo group, respectively. Patients received four weeks of treatment with 28 days safety follow-up.

# MANAGEMENT DISCUSSION AND ANALYSIS

Patients with AD treated with ICP-332 for 4 weeks showed excellent efficacy and safety profiles. ICP-332 achieved multiple efficacy endpoints, including percentage reductions from baseline in EASI score, EASI 50, EASI 75, EASI 90 (improvement of at least 50%, 75%, and 90% in EASI score from baseline) and Investigator's Global Assessment (IGA) 0/1 (score of 0 clear or 1 almost clear) in the 80mg and/or 120mg group respectively.



## Quick and Statistically Significant Response from Day 2



## Improvement of Patient Quality of Life

### Dermatology Life Quality Index (DLQI) Score Change from Baseline by Visits (Full Analysis Set)

	Placebo (N=25)	ICP-332 80mg (N=25)	ICP-332 120mg (N=25)
D8/W1	-3.3(-4.8,-1.9)	-6.5(-8.0,-5.1)	-6.8(-8.4,-5.3)
p-value		<b>0.0027</b>	<b>0.0018</b>
D15/W2	-2.2(-4.2,-0.2)	-8.7(-10.7,-6.7)	-7.9(-9.9,-5.9)
p-value		<b>&lt;0.0001</b>	<b>0.0002</b>
D29/W4	-1.2(-3.3,0.9)	-10.8(-12.8,-8.8)	-8.9(-11.0,-6.8)
p-value		<b>&lt;0.0001</b>	<b>&lt;0.0001</b>

The mean percentage change from baseline in the EASI score reached 78.2% and 72.5% for the once-daily dosing groups of 80mg and 120mg, respectively, both with a highly statistically significance (p<0.0001), compared to 16.7% for patients receiving placebo. EASI 75 reached 64% and 64% in the 80mg and 120mg dosing group respectively, compared to 8% percent for patients receiving placebo (p<0.0001). In the 80mg QD treatment group, the difference from placebo reached 56% in EASI 75, 40% in EASI 90, 32% in (IGA) 0/1 and 56% in NRS ≥4 Improvement (p<0.01).





## MANAGEMENT DISCUSSION AND ANALYSIS

In addition, significant improvement was observed with respect to pruritus (itch). Patients treated with ICP-332 experienced quick response in improving pruritus numerical rating from day 2 onwards both in severity and frequency across the 80/120mg ICP-332 doses, as measured by the pruritus numerical rating scale (NRS) ( $p < 0.01$ ).

ICP-332 was safe and well tolerated in AD patients. In this study, all TRAEs were mild or moderate. The overall incidence rates of TRAEs and TRAEs related to infections and infestations in the two treatment groups were comparable to the placebo group.

The result of this Phase II study was presented through a late-breaking oral presentation at 2024 American Academy of Dermatology (“AAD”).

Positive results from the Phase II study of ICP-332 provides great possibilities for the effective treatment of AD and/or other autoimmune diseases with the potential best efficacy for AD. We will continue to evaluate the potential of ICP-332 in Phase III trials for atopic dermatitis and across multiple immune-mediated diseases. We expect to start the patient enrollment of the Phase III trial for AD in the fourth quarter of 2024 and initiate clinical trial for vitiligo in China. The IND approval of ICP-332 was granted by the FDA for initiating clinical trial in the U.S. in June 2024 and now the subjects enrollment is ongoing.

### *ICP-488*

ICP-488 is a small molecule inhibitor of the pseudo kinase domain JH2 of TYK2. JH2 has an important regulatory role in TYK2 kinase catalytical activity, and mutations in JH2 have been shown to be the cause of or be linked with impaired TYK2 activity. ICP-488 is a potent and selective TYK2 allosteric inhibitor that, by binding to the TYK2 JH2 domain, blocks IL-23, IL-12, type 1 IFN and other autoimmune cytokine receptors. We intend to develop ICP-488 for the treatment of autoimmune diseases such as psoriasis, psoriatic arthritis, SLE, LN, and IBD, etc. Together with ICP-332, ICP-488 will further enrich our TYK2 portfolio.

Psoriasis is an immune-mediated disease that causes raised, scaly patches on the skin due to systemic inflammation. The typical clinical manifestations are scaly plaques, localized or widely distributed and difficult to treat. The cause of psoriasis involves multiple factors such as genetics, immunity, and the environment. The immune response is mainly mediated by T lymphocytes and participated by a variety of immune cells. The immune pathways related to interleukin 23 (IL-23) and helper T cells 17 (Th17) cells serve as the key regulator of psoriasis. According to World Psoriasis Day consortium, over 125 million people worldwide had psoriasis in 2022 with 2%-3% of total population.

As of the date of this report, we have finished the Phase I trial of ICP-488 in healthy subjects and patients with psoriasis. This study is a randomized, double-blind, placebo-controlled, parallel group, single and multiple ascending dose Phase I study to evaluate the safety, tolerability, pharmacokinetics and pharmacodynamics of ICP-488 in healthy subjects and patients with moderate to severe psoriasis.

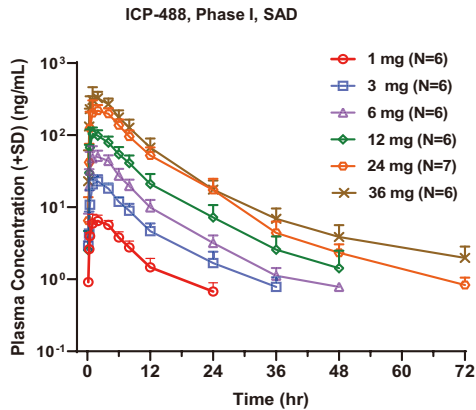


# MANAGEMENT DISCUSSION AND ANALYSIS

The study consisted of single (1–36mg) and multiple (3–12mg once-daily) ascending dose regimens. The study also assessed the effect of food on ICP-488 exposure. Safety and PK were evaluated for both healthy participants and psoriasis patients, while efficacy was assessed in psoriasis patients.

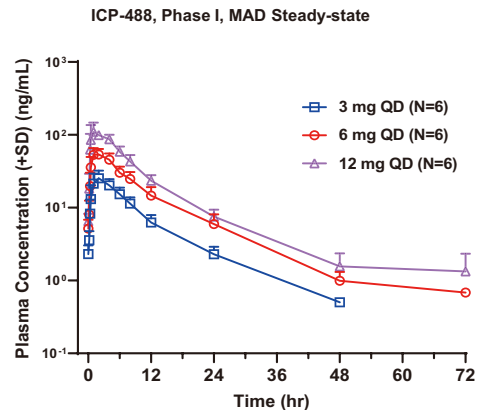
## Dose Proportional and Linear PK in SAD

- Linear pharmacokinetics in SAD
- The mean half-life: 7.2-11.2 hrs



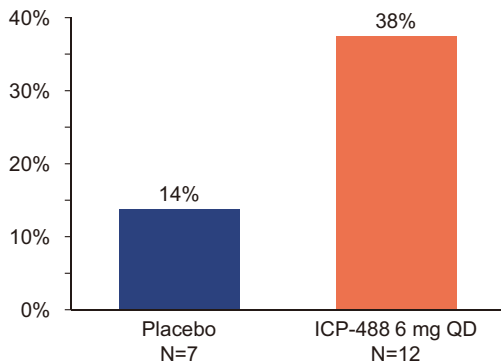
## Dose Proportional and Linear PK in MAD

- $C_{av}$  at 6 mg QD reached the  $IC_{50}$  of TYK2-mediated signaling inhibition

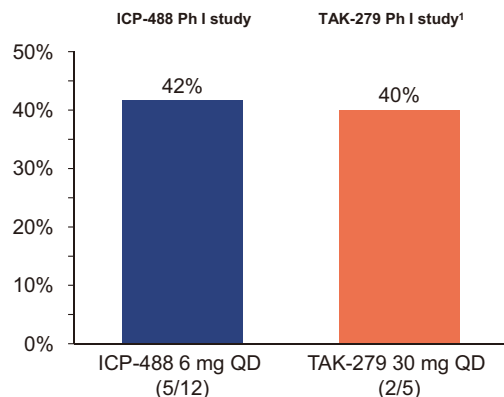


Following a single dose of ICP-488 administration (1–36 mg), ICP-488 plasma exposures were approximately dose-proportional. There was no apparent accumulation of ICP-488 observed (<1.5-fold) in MAD part (3–12 mg once-daily). No clinically significant differences in the pharmacokinetics of ICP-488 was observed following co-administration with standard high-fat, high-calorie meals.

## Percent Change from Baseline in PASI



## PASI 50 Improvement (Placebo-Adjusted)



p=0.0870 which was less than two-sided alpha of 0.1  
PASI: Psoriasis Area and Severity Index  
1 Nimbus 2022-05-19 SDI NDI-034858 Phase Ib Results Poster.pdf



## MANAGEMENT DISCUSSION AND ANALYSIS

The least-squares means percentage change from baseline in the PASI score, a measure of the area and severity of psoriasis, indicated a significant preliminary difference between the ICP-488 6mg once-daily dosing group and the placebo group at week 4 (37.5% vs 13.8%,  $p=0.0870$  which was less than two-sided alpha of 0.1). PASI 50 assessments demonstrated a 42% improvement with treatment of ICP-488 at 6mg QD compared with placebo (0%). All TEAEs and TRAEs were mild or moderate with same incidence rate between the ICP-488 arm and placebo arm.

The PK, safety, and efficacy profiles of ICP-488 supported advancing it to Phase II clinical trials in psoriasis patients.

The Phase II study of ICP-488 in psoriasis is ongoing and patient enrollment has finished in May 2024. We aim to have the topline results by the end of 2024.

### BUILDING A COMPETITIVE DRUG PORTFOLIO FOR SOLID TUMOR TREATMENT

In our ongoing efforts to address the growing needs in solid tumor, we are dedicated to building a competitive drug portfolio for the treatment of solid tumors. We strive to expand the breadth of our pipeline to cover solid tumor disease areas through a combination of targeted therapy and immune-oncology approaches. Our R&D team is actively engaged in the discovery and development of novel platform targeting various solid tumors. We are leveraging cutting-edge technologies and innovative approaches to identify and develop potential drug candidates that can offer significant clinical benefits. We believe the potential best-in-class molecule, ICP-723, will enable us to establish a strong presence in the field of solid tumor treatment.

To benefit more patients, we have accelerated the global clinical study to evaluate the anti-tumor activity and safety of ICP-189 in combination with furmonertinib in patients with advanced NSCLC through a clinical collaboration. Furthermore, our rapidly advancing early-stage pipeline, featuring cornerstone therapies like ICP-B05 for immune-oncology and targeting tumor driver genes, has enabled us to offer a competitive treatment solution for a wide range of solid tumors, catering to patients in both China and around the world.

#### *ICP-723 (Zurletrectinib)*

ICP-723 is a second-generation small molecule pan-inhibitor of tropomyosin-related kinase (“**pan-TRK inhibitor**”) designed to treat patients with NTRK gene fusion-positive cancers who were TRK inhibitor treatment-naïve or who have developed resistance to the first generation TRK inhibitors, regardless of cancer types. First generation pan-TRK inhibitors have shown rapid and durable responses in patients with TRK gene fusions, however, patients can develop acquired resistance. Preclinical data showed that ICP-723 markedly inhibited the activity of the wild type TRKA/B/C as well as mutant TRKA with resistant mutation G595R or G667C. This finding provides strong evidence that ICP-723 could overcome acquired resistance to the first generation TRK inhibitors.

In July 2024, the British Journal of Cancer, part of the leading science journal Nature, published a paper on zurletrectinib. The journal concluded that zurletrectinib is a novel, highly potent next-generation TRK inhibitor with superior in vivo brain penetration and stronger intracranial activity compared to other next-generation agents. The paper highlighted zurletrectinib’s strong potency against TRKA, TRKB, and TRKC WT kinases, as well as acquired resistance mutations TRKA G595R and TRKA G667C. Zurletrectinib also demonstrated improved blood-brain barrier penetration, translating into enhanced antitumor activity compared to selitrectinib and repotrectinib. In an orthotopic mouse glioma xenograft model carrying the TRKA G598R/G670A resistance mutation, zurletrectinib (15 mg/kg) significantly improved the survival of mice harboring orthotopic NTRK fusion-positive, TRK-mutant gliomas (median survival = 41.5, 66.5, and 104 days for selitrectinib, repotrectinib, and zurletrectinib respectively;  $P < 0.05$ ), showing superior efficacy compared to repotrectinib (15 mg/kg) and selitrectinib (30 mg/kg) ( $P=0.0384$  and  $0.0022$ , respectively), with an excellent safety profile.



## MANAGEMENT DISCUSSION AND ANALYSIS

### *Mechanism of Action*

The TRK family consists of three proteins referred to as TRKA, TRKB and TRKC, respectively, which are encoded by neurotrophic receptor tyrosine kinase genes NTRK1, NTRK2 and NTRK3, respectively. TRKs play an important role in maintaining normal nervous system function. Unwanted joining of separated NTRK genes, or NTRK gene fusions, have been found to contribute to tumorigenesis in a variety of different cancers, with high prevalence in infantile fibrosarcoma, salivary gland carcinomas and thyroid carcinoma. NTRK fusions have also been detected at lower frequencies, in soft-tissue sarcomas, thyroid cancer, mammary analogue secretory carcinoma of salivary glands, lung cancer, colorectal cancer, melanoma, breast cancer, etc.

### *Current Status*

We are currently conducting a registrational trial in mainland China of ICP-723 in adult and adolescent patients (12 years old  $\leq$  age < 18 years old) with advanced solid tumor harboring NTRK gene fusion. Furthermore, the IND for additional pediatric population (2–12 years old) was approved by the CDE in July 2023 and dose escalation for pediatric patients has been finished.

A Phase II registrational trial has been initiated in mainland China for ICP-723 in adult and adolescent patients (12+ years of age) with advanced solid tumors harboring NTRK gene fusion. As of this report, we are entering to pre-NDA stage for ICP-723 and we expect to submit the NDA in mainland China in early 2025. Thus far, we have observed an efficacy of 80%–90%. Zurlitrectinib was shown to overcome acquired resistance to 1st generation TRK inhibitors, bringing hope to patients who failed prior TRKi therapy.

### *ICP-189*

ICP-189 is a potent oral allosteric inhibitor of SHP2 with reliable selectivity over other phosphatases. It is being developed for the treatment of solid tumors as a potential cornerstone therapy in combinations with other antitumor agents. SHP2 is a key upstream regulator of the RAS-MAPK pathway and thus plays an essential role in the signaling by multiple oncogenic driver kinases, as well as a key signal transducer of PD-1 signaling, making SHP2 inhibitors an ideal partner for combination with multiple targeted and immune-oncology therapies.

In preclinical efficacy studies, ICP-189 demonstrated significant anti-tumor effects in various xenograft models as monotherapy. In preclinical studies, ICP-189 has also shown promising activity in combination with a range of targeted therapies and immunotherapies, including inhibitors of Epidermal Growth Factor Receptor (“EGFR”), KRAS, MEK and PD-1. The in vivo efficacy of ICP-189 was confirmed by pharmacodynamic modulations, where ICP-189 exposure levels correlated with reduced p-ERK and DUSP6 mRNA levels in tumors.

We are conducting a Phase Ia dose escalation study to evaluate the safety, tolerability, pharmacokinetics, and preliminary anti-tumor activity of ICP-189 in patients with advanced solid tumors in China. As of the date of this report, we completed the dose escalation up to the 120mg QD cohort with no DLT nor  $\geq$ grade3 TRAEs observed. The patient enrollment at the 160mg QD dose is ongoing. ICP-189 demonstrated dose proportional pharmacokinetics and long half-life. At the 120mg dose, ICP-189 achieved sufficient exposure to effectively target  $IC_{90}$  against DUSP6, a downstream biomarker of MAPK pathway. Preliminary efficacy was observed in ICP-189 monotherapy, 1 patient with cervical cancer in the 20mg dose cohort achieved PR which sustained for 14 cycles. We anticipate having the Phase Ia data readout in 2024.



## MANAGEMENT DISCUSSION AND ANALYSIS

Multiple ICP-189 combinations, including treatment with third-generation EGFR inhibitor in lung cancer and anti-PD-1 antibody in multiple cancer types, will be explored in the Phase Ib trial. On 14 July 2023, InnoCare and ArriVent Biopharma (“**ArriVent**”) announced a clinical development collaboration to evaluate the combination of InnoCare’s novel SHP2 allosteric inhibitor, ICP-189, with ArriVent’s furmonertinib, a highly brain-penetrant, broadly active mutation-selective EGFR inhibitor in patients with advanced NSCLC. Preclinical studies demonstrated that the combination of ICP-189 and furmonertinib could overcome the resistance to third-generation EGFR inhibitors.

As of the date of this report, the Phase Ib trial of ICP-189 combined with EGFRi is ongoing with first patient dosed in March 2024. The combination of 80 mg ICP-189 plus 80 mg furmonertinib was cleared with no DLT observed and dose was escalated to 120 mg ICP-189 plus 80 mg furmonertinib. DUSP6 expression in whole blood was significantly reduced at steady state compared with the baseline, indicating that ICP-189 in combination with furmonertinib can effectively block the MAPK pathway. The combination of furmonertinib with ICP-189 could be another potential treatment option to improve the lives of people living with advanced or metastatic lung cancer.

### *ICP-192 (Gunagratinib)*

Gunagratinib is a potent and highly selective pan-fibroblast growth factor receptors (“**pan-FGFR**”) inhibitor that we are developing for the treatment of various types of solid tumors. Studies have shown that mutations and aberrant activation of FGFRs are implicated with the development of various cancers, including bile duct, breast, lung, head and neck, gastric and urothelial cancers, accounting for approximately 7.1% of solid tumors.

### *Current Status*

Gunagratinib is a novel pan-FGFR inhibitor that potently and selectively inhibits FGFR activities irreversibly by covalent binding. Preclinical data showed that gunagratinib overcomes the acquired resistance to the first generation reversible FGFR inhibitors, e.g., infigratinib.

In the middle of January 2023, we presented the ICP-192 data from an ongoing Phase IIa dose expansion study of gunagratinib in patients with CCA. 18 CCA patients were enrolled, and 17 patients had at least one tumor assessment. The median follow-up was 5.57 months. The ORR was 52.9% (9 out of 17 patients) and the DCR was 94.1% (16 out of 17 patients). The mPFS was 6.93 months (95% CI, 5.42-not reached) (not mature at cutoff). No patient discontinued treatment due to TRAEs and there was no treatment-related death. Thus, gunagratinib is safe and well-tolerated with high response rate (52.9%) compared to other approved FGFR inhibitors in previously treated patients with locally advanced or metastatic CCA harboring FGR2 gene fusions or rearrangements. We have started the Phase II registrational trial in mainland China in the first half of 2023.

## MANUFACTURING

### *Guangzhou Manufacturing Facility*

Our 50,000 m<sup>2</sup> small molecule in-house Guangzhou manufacturing facility (“**Guangzhou Base**”) complies with GMP requirements of the U.S., Europe, Japan, and China, and have an annual production capacity of one billion pills. We have successfully obtained a manufacturing license for the facility. Upon receiving the approval from the China NMPA to begin the production of commercial supply of our self-developed BTK inhibitor orelabrutinib at the Guangzhou Base, we have begun manufacturing orelabrutinib at the Guangzhou small molecule production facility, which was released to the commercial market since August 2022.



## MANAGEMENT DISCUSSION AND ANALYSIS

Improving the solubility of poorly soluble drugs has become a focus and challenge in the research and development of innovative drug formulation. Our Guangzhou Base has built a technical platform to solve such problems, including the establishment of international advanced production lines of spray dried solid dispersion and solid dosage forms, and equipped with three major technology platforms, namely the solubilization preparation technology for poorly soluble drugs, the release preparation technology for oral solid dosage forms and the targeted drug delivery technology, thereby solving the common problems faced by the industry. Our solid dispersion technology is the core technology in the solubilization process, which can accelerate the solubility and dissolution rate of poorly soluble drugs, thus improving the bioavailability of drugs and better catering for the needs of the development and production of new drugs. In the first half of 2023, our Guangzhou Base was honored by the Guangzhou Government as the Guangdong Engineering Technology Research Center of Insoluble Drug Innovation Preparation (廣東省難溶性藥物創新製劑工程技術研究中心) and Guangdong Specialized and Sophisticated SMEs (廣東省專精特新中小型企業).

Additionally, we have successfully completed the second phase of construction, and the facility is now transitioning into the operational stage. The third phase of construction is planned to support the upcoming new product launches in 2025 and beyond. Both projects create an additional 30,000 m<sup>2</sup> of production area to support our growing drug pipeline and continued business expansion.

### Beijing Manufacturing Facility

We established a large molecules CMC pilot facility which is poised to enter the operational phase for early clinical supplies in Changping, Beijing. Meanwhile, a 70,381m<sup>2</sup> plot of land in Beijing, adjacent to our Company's headquarter inside the Life Science Park, was selected to build a landmark R&D center and large molecule production facility.

## OTHER CORPORATE DEVELOPMENTS

On 26 April 2024, the Company announced the release of 2023 Environmental, Social, and Corporate Governance report (“**2023 ESG Report**”). This marks the fifth year the Company has issued its ESG report, and the first year to set up specific environmental management targets. In the 2023 ESG Report, the Company committed to a 10% reduction in its greenhouse gas emissions intensity, energy use intensity, and industrial wastewater discharge intensity respectively by 2028, based on 2023 levels, with the compliance rates for exhaust gas emission treatment and waste treatment reaching 100% respectively, in order to achieve green production and minimize the environmental impact resulted from the production process.

## EVENTS AFTER THE REPORTING PERIOD

Apart from note 26 to the interim condensed consolidated financial information, no other important events affecting the Company occurred after 30 June 2024 and up to the date of this report.

## FINANCIAL REVIEW

### Revenue

	For the six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
<b>Revenue from continuing operations</b>				
Net sales of drugs	417,820	99.5	321,466	85.1
Research and development and other services	1,918	0.5	56,083	14.9
<b>Total Revenue</b>	<b>419,738</b>	<b>100.0</b>	<b>377,549</b>	<b>100.0</b>

Total revenue increased from RMB377.5 million for the six months ended 30 June 2023 to RMB419.7 million for the six months ended 30 June 2024. Net sales of drugs increased by 30.0% from RMB321.5 million for the six months ended 30 June 2023 to RMB417.8 million for the six months ended 30 June 2024, which is attributed to the rapid ramp-up of orelabrutinib sales volume in the second quarter of 2024 with growth rate of 48.8% compared to the same period of 2023. The decrease of research and development and other services is primarily due to the completion of the services fee arrangement with Biogen in the third quarter of 2023.

### Gross Profit and Gross Profit Margin

	For the six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Sales of drugs	358,443	99.7	279,333	92.7
Research and development and other services	1,155	0.3	22,144	7.3
	<b>359,598</b>	<b>100.0</b>	<b>301,477</b>	<b>100.0</b>

Gross profit increased by 19.3% to RMB359.6 million for the six months ended 30 June 2024 from RMB301.5 million for the six months ended 30 June 2023. Gross profit margin was 85.7% for the six months ended 30 June 2024, representing an increase of 5.8 percentage point as compared with 79.9% for the six months ended 30 June 2023. The gross profit margin improvement was primarily due to the sales combination change of drugs and service.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Segmental Information

The Group is engaged in biopharmaceutical research and development, manufacturing, commercialization and services, which are regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. Therefore, no analysis by operating segment is presented.

## Other Income and Gains

Other income and gains decreased from RMB131.3 million for the six months ended 30 June 2023 to RMB111.4 million for the six months ended 30 June 2024, primarily attributable to RMB17.7 million decrease in the government grants from RMB29.2 million for the six months ended 30 June 2023 to RMB11.5 million for the six months ended 30 June 2024 and RMB7.3 million decrease in the gains of wealth management products from RMB8.3 million for the six months ended 30 June 2023 to RMB1.0 million for the six months ended 30 June 2024.

## Selling and Distribution Expenses

Selling and distribution expenses decreased from RMB191.2 million for the six months ended 30 June 2023 to RMB157.2 million for the six months ended 30 June 2024, primarily attributable to continuous improvements in operational efficiency and decreased share-based payment expense.

	For the six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Market research and market promotion	82,029	52.2	85,638	44.8
Employee expense	93,087	59.2	81,281	42.5
Share-based payment expense	(31,589)	(20.1)	10,542	5.5
Others	13,626	8.7	13,747	7.2
<b>Selling and Distribution Expenses</b>	<b>157,153</b>	<b>100.0</b>	191,208	100.0

## MANAGEMENT DISCUSSION AND ANALYSIS

### Research and Development Expenses

Research and development expenses increased from RMB358.1 million for the six months ended 30 June 2023 to RMB420.8 million for the six months ended 30 June 2024, primarily due to increased investment in advancing technology platform innovation and clinical studies for unmet medical needs.

	For the six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Direct clinical trial and third-party contracting expenses	162,338	38.6	146,561	40.9
Employee expenses	143,870	34.2	117,654	32.9
Share-based payment expense	18,329	4.4	20,808	5.8
Depreciation and amortization	37,404	8.9	28,206	7.9
Others	58,881	13.9	44,901	12.5
<b>Research and development expenses</b>	<b>420,822</b>	<b>100.0</b>	<b>358,130</b>	<b>100.0</b>

- (i) RMB15.7 million increase of direct clinical trial and third-party contracting expenses from RMB146.6 million to RMB162.3 million;
- (ii) RMB26.2 million increase of R&D employee expenses from RMB117.7 million to RMB143.9 million;
- (iii) RMB2.5 million decrease of share-based payment expense from RMB20.8 million to RMB18.3 million;
- (iv) RMB9.2 million increase of depreciation and amortization from RMB28.2 million to RMB37.4 million;
- (v) RMB14.0 million increase of other R&D expenses such as trial materials, consumables and energy, etc., from RMB44.9 million to RMB58.9 million.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Administrative Expenses

Administrative expenses increased by 4.8% from RMB87.3 million for the six months ended 30 June 2023 to RMB91.5 million for the six months ended 30 June 2024, which is attributed to increase of employee expense, taxes and surcharges and the depreciation and amortization expenses. The effects of the foregoing factors were mainly offset by the decrease of professional fees.

	For the six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Employee expense	41,676	45.5	39,772	45.6
Share-based payment expense	12,913	14.1	13,568	15.5
Professional fees	9,806	10.7	11,351	13.0
Depreciation and amortization	8,166	8.9	7,117	8.2
Taxes and surcharges	6,641	7.3	4,226	4.8
Others	12,309	13.5	11,265	12.9
<b>Administrative Expenses</b>	<b>91,511</b>	<b>100.0</b>	<b>87,299</b>	<b>100.0</b>

## Other Expenses

Other expenses decreased from RMB179.2 million for the six months ended 30 June 2023 to RMB33.1 million for the six months ended 30 June 2024, which mainly arose from the unrealized foreign exchange loss due to USD appreciation against RMB when exchanging the overseas company's RMB balance to its functional currency USD. The reduction of this loss was driven by a more gentle fluctuation of the US dollar against the RMB compared to the same period of last year.

## Share of losses of joint ventures

Share of losses of joint ventures was RMB1.5 million for the six months ended 30 June 2024 comparing to a loss of RMB2.1 million for the six months ended 30 June 2023.

## Finance Costs

Finance costs decreased from RMB20.3 million for the six months ended 30 June 2023 to RMB10.5 million for the six months ended 30 June 2024, mainly because the discounted interest of other current liability with cost of RMB11.5 million for the six months ended 30 June 2023 has been fully realized in 2023, therefore there was no such cost for the six months ended 30 June 2024.

## Analysis of Key Items of Financial Position

### Net Current Assets

The following table sets forth our current assets and current liabilities as of the dates indicated:

	<b>As of</b>	
	<b>30 June 2024</b>	31 December 2023
	<b>RMB'000</b>	RMB'000
<b>CURRENT ASSETS</b>		
Trade and bills receivables	<b>280,677</b>	307,638
Prepayments, other receivables and other assets	<b>124,881</b>	113,994
Inventories	<b>118,381</b>	119,095
Other financial assets	<b>642,941</b>	—
Cash and bank balances	<b>6,903,693</b>	8,224,596
<b>Total current assets</b>	<b>8,070,573</b>	8,765,323
<b>CURRENT LIABILITIES</b>		
Interest-bearing bank borrowings	<b>5,000</b>	5,000
Trade payables	<b>117,242</b>	134,905
Other payables and accruals	<b>669,052</b>	667,717
Deferred income	<b>11,274</b>	12,008
Lease liabilities	<b>34,183</b>	23,233
Convertible loan	<b>1,274,794</b>	1,251,131
<b>Total current liabilities</b>	<b>2,111,545</b>	2,093,994
<b>NET CURRENT ASSETS</b>	<b>5,959,028</b>	6,671,329

We had net current assets of RMB5,959.0 million as of 30 June 2024, which was primarily attributable to our cash and bank balances of RMB6,903.7 million, trade and bills receivables of RMB280.7 million, prepayments, other receivables and other assets of RMB124.9 million, inventories of RMB118.4 million and other financial assets of RMB642.9 million, which was partially offset by trade payables of RMB117.2 million, other payables and accruals of RMB669.1 million and convertible loan of RMB1,274.8 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Trade and bills receivables

Trade and bills receivables mainly consist of the receivables by selling drugs and other receivables from providing R&D and other services. An ageing analysis of the trade receivables as at the end of the Reporting Period, based on the invoice date and net of loss allowance, is as follows:

	<b>As of</b>	
	<b>30 June 2024</b>	31 December 2023
	<b>RMB'000</b>	RMB'000
Within 3 months	<b>268,816</b>	248,942
3 months to 6 months	<b>11,861</b>	58,696
<b>Trade and bills receivables</b>	<b>280,677</b>	307,638

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit period is generally one to three months, and expanding up for some customers. The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group's major customers are state-owned large-scale drug distributors located in the PRC with whom the Group has been cooperating since 2021. The Group considers that such practice is in line with the unique norm of the bio-pharmaceutical industry in the PRC where primary drug distributors are state-owned enterprises. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

### Prepayments, other receivables and other assets

Prepayments, other receivables and other assets increased from RMB114.0 million as of 31 December 2023 to RMB124.9 million as of 30 June 2024, primarily due to (i) RMB25.4 million increase in prepayments from RMB39.0 million as of 31 December 2023 to RMB64.4 million as of 30 June 2024; (ii) RMB4.2 million increase in tax recoverable from RMB10.4 million as of 31 December 2023 to RMB14.6 million as of 30 June 2024 and offset by (iii) RMB17.9 million decrease in interest receivable from RMB62.5 million as of 31 December 2023 to RMB44.6 million as of 30 June 2024.

	<b>As of</b>	
	<b>30 June 2024</b>	31 December 2023
	<b>RMB'000</b>	RMB'000
Prepayments	<b>64,353</b>	39,044
Interest receivable	<b>44,572</b>	62,540
Tax recoverable	<b>14,633</b>	10,390
Other receivables	<b>1,323</b>	2,020
<b>Prepayments, other receivables and other assets</b>	<b>124,881</b>	113,994

## MANAGEMENT DISCUSSION AND ANALYSIS

### *Inventories*

Due to the suitable stocking, the inventories, which mainly include raw materials, work in progress and finished goods, decreased slightly from RMB119.1 million as of 31 December 2023 to RMB118.4 million as of 30 June 2024.

### *Other financial assets*

	<b>As of</b>	
	<b>30 June 2024</b>	31 December 2023
	<b>RMB'000</b>	RMB'000
Financial assets measured at amortised cost	<b>693,551</b>	—
Financial assets at fair value through profit or loss	<b>350,406</b>	—
<b>Other financial assets</b>	<b>1,043,957</b>	—
<b>Classified as:</b>		
Current assets	<b>642,941</b>	—
Non-current assets	<b>401,016</b>	—
<b>Other financial assets</b>	<b>1,043,957</b>	—

Total other financial assets, classified in financial assets measured at amortised cost and financial assets at fair value through profit or loss were wealth management products with RMB642.9 million in current assets and RMB401.0 million in non-current assets as of 30 June 2024, compared to nil as of 31 December 2023.

### *Trade Payables*

An ageing analysis of the trade payables as at the end of the Reporting Period, based on the invoice date, is as follows:

	<b>As of</b>	
	<b>30 June 2024</b>	31 December 2023
	<b>RMB'000</b>	RMB'000
Within 1 year	<b>102,521</b>	124,207
1 year to 2 years	<b>14,686</b>	10,432
2 years to 3 years	<b>16</b>	199
Over 3 years	<b>19</b>	67
	<b>117,242</b>	134,905



## MANAGEMENT DISCUSSION AND ANALYSIS

### Other Payables and Accruals

Other payables and accruals increased slightly from RMB667.7 million as of 31 December 2023 to RMB669.1 million as of 30 June 2024.

	<b>As of</b>	
	<b>30 June 2024</b>	31 December 2023
	<b>RMB'000</b>	RMB'000
Payable for property, plant and equipment	57,793	58,190
Payroll payables	45,781	52,999
Individual income tax and other taxes	27,449	15,253
Sales rebate	14,744	11,853
Accruals	23,766	38,336
Other current liability	476,336	476,336
Others	23,183	14,750
<b>Other Payables and Accruals</b>	<b>669,052</b>	667,717

### Indebtedness and finance lease

The following table sets forth the breakdown of our indebtedness and finance lease as of the dates indicated:

	<b>As of</b>	
	<b>30 June 2024</b>	31 December 2023
	<b>RMB'000</b>	RMB'000
<b>Included in current liabilities</b>		
Interest-bearing bank borrowings	5,000	5,000
Lease liabilities	34,183	23,233
Other current liability	476,336	476,336
Convertible loan	1,274,794	1,251,131
<b>Included in non-current liabilities</b>		
Interest-bearing bank borrowings	33,900	26,300
Lease liabilities	39,781	43,647
Long term payables	294,048	305,577
<b>Total indebtedness</b>	<b>2,158,042</b>	2,131,224

Total indebtedness increased from RMB2,131.2 million as of 31 December 2023 to RMB2,158.0 million as of 30 June 2024, mainly due to the increase of convertible loan, lease liabilities and interest-bearing bank borrowings, partially offset by the decrease of long term payables.

## *Deferred income*

Total deferred income, classified in current liabilities and non-current liabilities, decreased from RMB280.9 million as of 31 December 2023 to RMB269.6 million as of 30 June 2024, mainly due to government grants recognized in profit.

## *Property, Plant and Equipment*

Property, plant and equipment increased from RMB759.8 million as of 31 December 2023 to RMB805.2 million as of 30 June 2024, which is mainly caused by increase of buildings, plant and machinery for Guangzhou and Beijing facilities.

## *Right-of-use Assets*

Right of use assets increased from RMB293.8 million as of 31 December 2023 to RMB296.5 million as of 30 June 2024, which is mainly caused by the addition of right-of-use assets, partially offset by the normal amortization.

## *Other Intangible Assets*

Other intangible assets decreased from RMB39.0 million as of 31 December 2023 to RMB36.5 million as of 30 June 2024, which was mainly due to the amortization of the intangible assets.

## *Investments in Joint Ventures*

Investments in joint ventures decreased from RMB5.7 million as of 31 December 2023 to RMB4.1 million as of 30 June 2024, mainly because the share of loss of the joint venture increased.

## *Other Non-Current Assets*

Other non-current assets increased from RMB52.4 million as of 31 December 2023 to RMB59.0 million as of 30 June 2024.

## *Key Financial Ratio*

The following table sets forth our selected key financial ratio:

	<b>As of</b>	
	<b>30 June 2024</b>	31 December 2023
<b>Current ratio</b>	<b>3.8</b>	4.2

Current ratio equals current assets divided by current liabilities as of the end of the year/period.

The decrease in current ratio was primarily due to part of the wealth management products purchased by the Group is booked under non-current assets.



## MANAGEMENT DISCUSSION AND ANALYSIS

### LIQUIDITY AND FINANCIAL RESOURCES

We expect our liquidity requirements to be satisfied by a combination of cash generated from operating activities, bank and other borrowing facilities, other funds raised from the capital markets from time to time and the net proceeds from the IPO and the RMB Share Issue. We will continue to evaluate potential financing opportunities based on our need for capital resources and market conditions.

On 23 March 2020, 250,324,000 Shares of US\$0.000002 each were issued at a price of HK\$8.95 per Share in connection with the Company's Listing on the Hong Kong Stock Exchange. The proceeds of HK\$3,883 representing the par value of shares, were credited to the Company's share capital. The remaining proceeds of HK\$2,240.4 million (before deduction of the expenses relating to the Company's IPO) were credited to the share premium account. The translation from U.S. dollar to Hong Kong dollar is made at the exchange rate set forth in the H.10 weekly statistical release of the Federal Reserve System of the U.S. as of 23 March 2020.

On 15 April 2020, the international underwriters of the Global Offering exercised the overallotment option in full, pursuant to which the Company is required to allot and issue the option shares, being 37,548,000 Shares, representing approximately 15% of the maximum number of shares initially available under the Global Offering, at the offer price under the Global Offering. The net proceeds from the exercise of the over-allotment option were approximately HK\$322.59 million (after deducting the commissions and other offering expenses payable by the Company in relation to the exercise of the over-allotment option).

On 10 February 2021, pursuant to two subscription agreements entered between the Company and certain investors, a total of 210,508,000 Shares of the Company were subscribed at a subscription price of HK\$14.45 per subscription share. For further details, please refer to the announcements of the Company dated 3 February 2021 and 10 February 2021, respectively.

On 21 September 2022, 264,648,217 RMB Shares of US\$0.000002 each were issued at a price of RMB11.03 per RMB Share and listed on the STAR Market. Net proceeds after deducting underwriting discounts and commission and offering expenses were RMB2,778.82 million. As required by the PRC securities laws, the net proceeds from the RMB Share Issue must be used in strict compliance with the planned uses as disclosed in the PRC prospectus as well as the Company's proceeds management policy for the RMB Share Issue approved by the board of directors.

As of 30 June 2024, our cash and related accounts balances were RMB7,992.2 million, as compared to RMB8,287.1 million as of 31 December 2023. The decrease was mainly due to the operating activities. Our primary uses of cash are to fund research and development efforts of new drug candidates, sales promotion, working capital and other general corporate purposes. Our cash and cash equivalents are held in RMB, USD, AUD and HKD.

Save as disclosed in this report, during the Reporting Period and as of the date of this report, the Company has not made any issue of equity securities for cash.

For more details relating to the Company's cash position, and capital expenditure commitments, please refer to the Notes 15 and 22 to the consolidated financial statements of the Group of this report.

### SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

#### Subscription of Wealth Management Products

During the Reporting Period, the Company has purchased certain wealth management products, none of which, individually or on an aggregate basis, has surpassed 5% with respect to the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules.

Saved as disclosed above, as of 30 June 2024, we did not hold any significant investments. For the Reporting Period, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures of the Company. We did not have any future plans for material investments and capital assets as of 30 June 2024.

### GEARING RATIO

The gearing ratio (calculated as total debt (includes other current liability, loans and borrowings and convertible loan) divided by total assets and multiplied by 100%) as of 30 June 2024 was 21.5% (31 December 2023: 20.8%).

The Board and the Audit Committee constantly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

### BANK LOANS AND OTHER BORROWINGS

As of 30 June 2024, we had RMB1,274.8 million of convertible loan with Guangzhou Kaide, RMB294.0 million of long term payable with Beijing Changxin Construction Investment Co., Ltd, RMB38.9 million of interest-bearing borrowings with Bank of Beijing and RMB476.3 million of other current liability with Guangzhou Kaide, land use right of RMB155.2 million and certain construction in progress of RMB76.9 million was mortgaged to Beijing Changxin Construction Investment Co., Ltd. We signed a loan agreement with Bank of Beijing in May 2023, with the banking facility of RMB400.0 million. As of 30 June 2024, RMB43.9 million was withdrawn and the unutilized banking facility was RMB356.1 million. The annual interest rate of aforementioned borrowing was 1-year LRP minus 0.15%.

Save as disclosed above, as of 30 June 2024, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, unutilized banking facilities, bank overdrafts or other similar indebtedness, hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees.

### CONTINGENT LIABILITIES

As of 30 June 2024, we did not have any material contingent liabilities.

### FOREIGN EXCHANGE RISK

Our financial statements are presented in RMB, but certain of our cash and cash equivalents, time deposits, trade and other receivables, trade and other payables are denominated in foreign currencies, and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Key Risks and Uncertainties

There are certain key risks and uncertainties involved in our operations, some of which are beyond our control. Set out below are the material risks and uncertainties that we face:

- our financial position;
- our ability to obtain additional financing to fund our operations;
- our ability to development and commercialize our drug candidates, all of which are in pre-clinical or clinical development;
- our ability to identify additional drug candidates;
- our success in demonstrating safety and efficacy of our drug candidates to the satisfaction of regulatory authorities or produce positive results in our clinical trials;
- material aspects of the research, development and commercialization of our products being heavily regulated;
- in conducting drug discovery and development, we face potential liabilities, in particular, product liability claims, or lawsuits could cause us to incur substantial liabilities;
- lengthy, time-consuming and inherently unpredictable regulatory approval processes of the regulatory authorities for our drug candidates;
- changes in the political and economic policies of the PRC government may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies;
- our business benefits from certain discretionary financial incentives granted by local governments. Expiration of, or changes to, these incentives or policies would have an adverse effect on our results of operations;
- competition in the pharmaceutical industry where the Group serves;
- our ability to obtain and maintain patent protection for our drug candidates;
- Post COVID-19 pandemic still raging and world order crisis unresolved; and
- Our EHS department formulated training system and current mechanism may cover the daily safety inspection and quarterly safety inspection at this stage and may require further development regarding EHS risks.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

### Risk Management

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives and establishing and maintaining appropriate and effective risk management and internal control systems. The Company recognizes that risk management is critical to the success of its business operation. Key operational risks faced by the Company include changes in general market conditions and the regulatory environment of the Chinese and global biologics markets, the Company's ability to develop, manufacture and commercialize its drug candidates, and its ability to compete with other pharmaceutical companies.

The Company has adopted a series of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor significant risks associated with its strategic objectives on an ongoing basis. The following key principles outline the Company's approach to risk management:

- The Audit Committee oversees and manages the overall risks (including ESG risks) associated with the Company's business operations, including (i) reviewing and approving the Company's risk management policies to ensure that it is consistent with its corporate objectives; (ii) reviewing and approving the Company's corporate risk tolerance; (iii) monitoring the most significant risks associated with the Company's business operations and its management's handling of such risks; (iv) reviewing the Company's corporate risk in light of its corporate risk tolerance; and (v) monitoring and ensuring the appropriate application of the Company's risk management framework across the Company.
- The Internal control department is responsible for (i) formulating and updating the Company's risk management policy and targets; (ii) reviewing and approving major risk management issues of the Company; (iii) promulgating risk management measures; (iv) providing guidance on the Company's risk management approach to the relevant departments in the Company; (v) reviewing the relevant departments' reporting on key risks and providing feedback; (vi) supervising the implementation of the Company's risk management measures by the relevant departments; (vii) ensuring that the appropriate structure, processes and competencies are in place across the Group; and (viii) reporting to the Audit Committee on the Company's material risks.
- The relevant departments in the Company, including but not limited to the finance department and the human resources department, are responsible for implementing the Company's risk management policy and carrying out our day-to-day risk management practice. In order to standardize risk management across the Group and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all significant risks that could potentially affect their objectives; (iii) prepare a risk management report annually for the Chief Executive Officer's review; (iv) continuously monitor the significant risks relating to their operation or function; (v) implement appropriate risk responses where necessary; and (vi) develop and maintain an appropriate mechanism to facilitate the application of the Company's risk management framework.

During the Reporting Period, the Company has regularly reviewed and enhanced its risk management system, around 2 times per annum. We consider that the Directors and members of the Company's senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.



# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY RISK

In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by its management to finance the operations and mitigate the effects of fluctuations in cash flows.

## CHARGE ON GROUP ASSETS

Except for the mortgage on land use right and certain construction in progress under the paragraph of “Bank Loans and Other Borrowings”, there was no pledge of the Group’s assets as of 30 June 2024.

## EMPLOYEES AND REMUNERATION

As of 30 June 2024, the Group had a total of 1,109 employees. The following table sets forth the total number of employees by function:

	Number of employees	% of total
<b>Function</b>		
Research and development	485	43.73%
Manufacturing	193	17.40%
Selling and marketing	329	29.67%
General and administrative	102	9.20%
<b>Total Employees</b>	<b>1,109</b>	<b>100%</b>

Our success depends on our ability to attract, retain and motivate qualified personnel, and we believe that our high-quality talent pool is one of the core strengths of our Company. We adopt high standards and strict procedures in our recruitment, including campus recruitment, online recruitment, internal recommendation and recruitment through executive search, to satisfy our demands for different types of talents.

We provide regular and specialized trainings tailored to the needs of our employees in different departments. Our employees can also improve their skills through mutual learning among colleagues. New employees will receive pre-job training and general training.

Our employees’ remuneration comprises salaries, bonuses, employee provident fund and social security scheme and other welfare payments. In accordance with applicable Chinese laws, we have provided social security insurance (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees. The employee benefit expenses for the six months ended June 30, 2024 were disclosed in Note 6 to the Interim Condensed Consolidated Financial Information of this report.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company was incorporated in the Cayman Islands on 3 November 2015 as an exempted company with limited liability, and the shares of the Company were listed on the Stock Exchange on 23 March 2020. On 21 September 2022, the RMB Shares of the Company were listed on the STAR Market.

## AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

At the Company's annual general meeting held on 27 June 2024 ("**2023 AGM**"), the Shareholders passed a special resolution in relation to the amendments to the memorandum and articles of association of the Company. The fifth amended and restated memorandum and articles of association of the Company became effective on 27 June 2024. For details, please refer to the Company's circular dated 27 April 2024.

## CHANGES IN INFORMATION OF DIRECTORS, COMPANY SECRETARY AND CHIEF EXECUTIVES

During the Reporting Period and up to the date of this report, there was no change in the composition of the Board of Directors, company secretary, and chief executive of the Company.

During the Reporting Period, there were no changes in the information of Director which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## RE-ELECTION OF DIRECTORS

At the 2023 AGM, the Shareholders passed ordinary resolutions in relation to re-election of Dr. Yigong Shi, Mr. Ming Jin, Ms. Lan Hu and Dr. Dandan Dong as Directors. For further details, please refer to the Company's circular dated 27 April 2024.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has applied the principles and code provisions as set out in the CG Code. During the Reporting Period, the Board is of the opinion that the Company has complied with all applicable code provisions set out in Part 2 of the CG Code apart from the deviation below.

Pursuant to code provision C.2.1 of the CG Code, the responsibilities between the Chairperson and the Chief Executive should be segregated and should not be performed by the same individual. The roles of the Chairperson and Chief Executive Officer of the Company are held by Dr. Jisong Cui who is a co-founder of the Company. The Board believes that this structure will not impair the balance of power and authority between our Board and the management of the Company, given that: (i) a decision to be made by the Board requires approvals by at least a majority of Directors and that the Board comprises three independent non-executive Directors out of nine Directors, and the Board believes there is sufficient check and balance in the Board; (ii) Dr. Jisong Cui and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they act for the benefits and in the best interests of the Company and will make decisions for the Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial and operational policies of the Group are made collectively after thorough discussion at both the Board and senior management levels. The Board also believes that the combined role of Chairperson and Chief Executive Officer can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. Further, in view of Dr. Jisong Cui's experience, personal profile and her roles in the Company as mentioned above, Dr. Jisong Cui is the Director best suited to identify strategic opportunities and focus of the Board due to her extensive understanding of our business as the Chief Executive Officer. Finally, as Dr. Jisong Cui is the co-founder of the Company, the Board believes that vesting the roles of both Chairperson and Chief Executive Officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for and communication within the Group. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of Chairperson and Chief Executive Officer is necessary.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company will continue to regularly review and monitor the corporate governance practices to ensure the compliance with the CG Code and maintain a high standard of the best practices. We aim to implement a high standard of corporate governance, which is crucial to safeguard the interests of the Shareholders.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules.

Specific enquiries have been made of all the Directors and they have confirmed that they have complied with the Model Code during the Reporting Period. The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are subject to the Model Code. No incident of non-compliance of the Model Code by the employees was noted by the Company during the Reporting Period.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 8 September 2023, the Board approved and the Company announced a HK\$200 million share repurchase plan (the "Share Repurchase Plan") of the Shares listed on the Main Board of the Stock Exchange. During the Reporting Period, the Company repurchased 2,198,000 Shares on-market for a total consideration of HK\$11,301,210 pursuant to the Share Repurchase Plan. As at 30 June 2024, 548,000 Shares repurchased have been cancelled on 7 February 2024. The Directors are of the view that repurchases of Shares may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share.

Details of the share repurchases during the Reporting Period are as follows:

Month of repurchase	Number of Shares and method of repurchased	Price per Share paid		Total consideration paid
		Highest	Lowest	
January 2024	548,000 Shares on the Stock Exchange	HK\$6	HK\$5.6	HK\$3,162,780
February 2024	1,650,000 Shares on the Stock Exchange	HK\$5.13	HK\$4.54	HK\$8,138,430
<b>Total</b>	<b>2,198,000 Shares on the Stock Exchange</b>			<b>HK\$11,301,210</b>

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period. Save as disclosed above, there was no transaction in the Company's securities, or securities of its subsidiaries (in each case, in the nature of (1) convertible securities, options, warrants or similar rights issued or granted; (2) exercise of any conversion or subscription rights attached to the aforesaid; or (3) redemption, purchase or cancellation of redeemable securities) during the Reporting Period.

Between April 2024 and June 2024, pursuant to the trust arrangement as entered into between the Company and a trust institution (the "Trustee"), the Trustee purchased an aggregate of 6,177,000 shares of the Company on the Stock Exchange, with a price range between HK\$4.44 and HK\$5.22, and for a total consideration of HK\$29,700,043.60.

The Company did not hold any treasury shares (as defined under Chapter 1 of the Listing Rules) as of June 30, 2024, and no treasury shares of the Company had been sold during the Reporting Period.

### INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2024 (2023: Nil).

### SCOPE OF WORK OF THE GROUP'S AUDITORS

The figures in respect of the Group's condensed consolidated statement of financial position, condensed consolidated statement of profit or loss and condensed other comprehensive income and the related notes thereto for the six months ended 30 June 2024 as set out in this report have been agreed by the Group's auditors to the amounts set out in the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2024. The work performed by the Group's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Group's auditors in this report.

### AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules. As at the date of this report, the Audit Committee comprises one non-executive Director, namely Mr. Ronggang Xie, and two independent non-executive Directors, namely Ms. Lan Hu and Dr. Kaixian Chen. Ms. Lan Hu, being the chairperson of the Audit Committee, holds the appropriate professional qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The Audit Committee has reviewed the interim results and condensed consolidated financial statements of the Group for the six months ended 30 June 2024 and has met with the independent auditors. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

### MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group as at the end of the Reporting Period.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### USE OF NET PROCEEDS

#### Use of Net Proceeds from the IPO

The Shares were listed on the Main Board of the Stock Exchange on the Listing Date. The Group received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the IPO and the exercise of over-allotment option of approximately HK\$2,415.67 million. Up to 30 June 2024, HKD1,560.9 million, representing 64.6% out of the net proceeds have been utilized. The remaining proceeds will be used in the timeframe specified in the below table. The completion time for usage of proceeds is determined based on the Company's actual business needs and future business development.

	Use of proceeds as stated in the Prospectus (in HK\$'000) (approximate)	Net proceeds unutilized as of 1 January 2024 (in HK\$'000) (approximate)	Actual use of proceeds during the Reporting Period (in HK\$'000) (approximate)	Actual use of proceeds as of 30 June 2024 (in HK\$'000) (approximate)	Net proceeds unutilized as of 30 June 2024 (in HK\$'000) (approximate)	Expected timeline for usage of proceeds
50% for ongoing and planned clinical trials, preparation for registration filings and potential commercial launches (including sales and marketing) of Orelabrutinib concurrently in both China and the U.S.	1,207,835	261,550	40,369	986,654	221,181	The amount is expected to be fully utilized before the second half of 2026
40% for our other clinical stage product candidates*	966,268	633,197	12,571	345,642	620,626	The amount is expected to be fully utilized by the second half of 2026
10% for working capital and general corporate purposes	241,567	21,300	8,308	228,575	12,992	The amount is expected to be fully utilized before the second half of 2026
<b>Total</b>	<b>2,415,670</b>	<b>916,047</b>	<b>61,248</b>	<b>1,560,871</b>	<b>854,799</b>	

\* Please refer to the interim results announcement of the Company dated 29 August 2023 for the adjustment made to the categorization of the use of net proceeds from the IPO.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Use of Net Proceeds from Subscription Agreements in February 2021

On 2 February 2021, the Company and certain investors had entered into two subscription agreements pursuant to which the Company has conditionally agreed to allot and issue and the investors, namely Gaoling Fund L.P., YHG Investment L.P. and Vivo Opportunity Fund, L.P., have conditionally, on a several but not joint basis, agreed to subscribe for an aggregate of 210,508,000 Shares of the Company, representing approximately 16.33% of the then total issued shares of the Company as at the date of the subscription agreements and approximately 14.04% of the total issued shares of the Company as enlarged by the allotment and issue of the subscription shares, at the subscription price of HK\$14.45 per subscription share. The aggregate nominal value of the subscription shares under the subscription was US\$421.02. The net price of each subscription share based on the net proceeds of approximately HK\$3,041.44 million and 210,508,000 subscription shares were estimated to be approximately HK\$14.45. The closing price as quoted on the Stock Exchange on 2 February 2021 was HK\$15.72 per Share. The gross proceeds and net proceeds from the issued subscription shares were approximately HK\$3,041.84 million and HK\$3,041.44 million, respectively. The above-mentioned subscription was completed on 10 February 2021. Such use of proceeds will be in line with the planned use according to the intentions previously disclosed by the Company and it is expected there will be no significant change or delay.

The table below sets out the planned applications of the proceeds and actual usage up to 30 June 2024:

Intended use of proceeds	Proceeds from the subscription (in HK\$'000) (approximate)	Net proceeds unutilized as of 1 January 2024 (in HK\$'000) (approximate)	Actual use	Actual use of	Net proceeds	Expected timeline for usage of proceeds
			of proceeds during the Reporting Period (in HK\$'000) (approximate)	proceeds as of 30 June 2024 (in HK\$'000) (approximate)	unutilized as of 30 June 2024 (in HK\$'000) (approximate)	
(i) R&D cost, which includes, expanding and accelerating ongoing and planned clinical trials in domestic and international regions, and expanding and accelerating internal discovery stage programs (including the multiple IND-enabling stage candidates in our pipeline)	N/A <sup>(Note 1)</sup>	N/A <sup>(Note 1)</sup>	2,488	244,463	N/A <sup>(Note 1)</sup>	All remaining proceeds are expected to be fully utilized before 2027 in accordance with the intended use of proceeds the
(ii) Retain and recruiting domestic and international talents to strengthen the Group's capabilities in discovery, clinical, business development and commercialization functions (including commercial team expansion to ensure successful launches of orelabrutinib and subsequent products)			23,731	662,180		respective exact sum of which will depend on the Company's actual business needs with reference to evolving market conditions
(iii) Reserve fund for any potential external collaboration and in licensing opportunities			156	273,349		
(iv) To use as working capital and other general corporate purpose			53,125	775,406		
<b>Total</b>	<b>3,041,440</b>	<b>1,165,542</b>	<b>79,500</b>	<b>1,955,398</b>	<b>1,086,042</b>	

Note:

- Pursuant to the subscription agreements dated 2 February 2021, there is no allocation on how the proceeds would be applied to each intended use. Accordingly, there were no numerical value applicable to the relevant columns.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Use of Net Proceeds from RMB Share Issue

On 21 September 2022, the RMB Shares were listed on the STAR Market. The gross proceeds amounted to approximately RMB2,919.07 million. After deducting issuance expenses of RMB140.25 million in accordance with the related requirements, the net proceeds amounted to approximately RMB2,778.82 million. The net proceeds raised from the RMB Share Issue have been used and will be used in accordance with the intended uses disclosed in the Company's RMB Share prospectus dated 16 September 2022, which has been attached to the overseas regulatory announcement of the Company dated 16 September 2022.

As at 30 June 2024, the net proceeds of the RMB Share Issue had been utilised as follows:

	Proceeds from the subscription	Net proceeds unutilized as of 1 January 2024	Actual use of proceeds during the Reporting Period	Actual use of proceeds up to 30 June 2024	Net proceeds unutilized as of 30 June 2024	Expected timeline for usage of proceeds
	(in RMB\$'000) (approximate)	(in RMB\$'000) (approximate)	(in RMB\$'000) (approximate)	(in RMB\$'000) (approximate)	(in RMB\$'000) (approximate)	
New drug research and development ("R&D") projects	1,494,220.6	1,242,867.3	87,134.1	338,487.4	1,155,733.2	Expected to be fully utilized by 2027, and subject to, among other things, change of market conditions
Upgrade of drug R&D platform	116,146.6	25,878.1	3,960.3	94,228.8	21,917.8	Expected to be fully utilized by 2027, and subject to, among other things, change of market conditions
Construction of marketing network	273,851.4	159,144.7	16,499.4	131,206.1	142,645.3	Expected to be fully utilized by 2027, and subject to, among other things, change of market conditions
Construction of IT system	60,952.3	32,296.1	3,089.3	31,745.5	29,206.8	Expected to be fully utilized by 2027, and subject to, among other things, change of market conditions
Replenishment of cash flow	833,644.7	364,916.3	167,633.8	636,362.2	197,282.5	Expected to be fully utilized by 2027, and subject to, among other things, change of market conditions
<b>Total</b>	<b>2,778,815.6</b>	<b>1,825,102.5</b>	<b>278,316.9</b>	<b>1,232,030.0</b>	<b>1,546,785.6</b>	

## REVIEW OF INTERIM RESULTS

The independent auditors of the Company, namely Ernst & Young, have carried out a review of the interim financial information in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has jointly reviewed with the management of the Company the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited interim results and interim report for the six months ended 30 June 2024) of the Group. The Audit Committee considered that the interim results and interim report are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

## DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As far as the Company is aware, as of 30 June 2024, the interests and short positions of our Directors and chief executives in the Shares, underlying Shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”), which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

### Long Positions in the Company's Shares

Name of Director or CEO	Nature of interest	Total number of Shares/underlying Shares	Approximate Percentage of Shareholding Interest <sup>(1)</sup>
Dr. Jisong Cui	Interest in controlled corporation, beneficial owner	100,538,916 <sup>(2)</sup>	5.70%
Dr. Renbin Zhao	Interest in controlled corporation, beneficial owner, interest of spouse	116,839,593 <sup>(3)</sup>	6.63%
Dr. Yigong Shi	Beneficial owner, interest of spouse	116,839,593 <sup>(4)</sup>	6.63%

Notes:

- (1) The calculation is based on the total number of 1,762,582,452 Shares issued as of 30 June 2024.
- (2) Includes (1) 79,326,827 Shares indirectly held by Dr. Jisong Cui through Sunland BioMed Ltd as beneficial owner and (2) 21,212,089 Shares directly held by Dr. Jisong Cui.
- (3) Includes (1) 93,260,375 Shares indirectly held by Dr. Renbin Zhao through Sunny View Holdings Limited as beneficial owner, (2) 20,479,218 Shares directly held by Dr. Renbin Zhao, and (3) 3,100,000 Shares directly held by Dr. Yigong Shi, the spouse of Dr. Renbin Zhao.
- (4) Includes (1) 3,100,000 Shares directly held by Dr. Yigong Shi, and (2) the 113,739,593 Shares held by Dr. Renbin Zhao, the spouse of Dr. Yigong Shi.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as of 30 June 2024, none of the Directors or chief executives of the Company had or was deemed to have any interest or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which were required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO; or which were required, pursuant to the Model Code as contained in Appendix C3 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of 30 June 2024, to the best of the knowledge of the Company and the Directors, the following are the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

#### Interests in the Shares and Underlying Shares of the Company

Name of Shareholder	Nature of Interest	Total number of Shares/underlying Shares	Approximate Percentage of Shareholding Interest <sup>(1)</sup>
Vivo Capital LLC	Investment manager	125,222,118 (L) <sup>(2)</sup>	7.10%
Mr. Hebert Pang Kee Chan	Interest in controlled corporation	158,588,612 (L) <sup>(3)</sup>	9.00%
HHLR Advisors, Ltd.	Investment Manager	208,671,222 (L) <sup>(4)</sup>	11.84%
HHLR Fund, LP	Beneficial owner	200,475,300 (L) <sup>(4)</sup>	11.37%
The Goldman Sachs Group, Inc.	Interest in controlled corporation	119,806,627 (L) <sup>(5)</sup>	6.80%
		49,895,408 (S) <sup>(6)</sup>	2.83%

Notes:

- (1) The calculation is based on the total number of 1,762,582,452 Shares issued as of 30 June 2024.
- (2) Vivo Capital LLC is the management company of (i) Vivo Opportunity Co-Invest, L.P., (ii) Vivo Capital Fund IX, L.P., (iii) Vivo Opportunity Fund, L.P., (iv) Vivo Capital Surplus Fund VIII, L.P., (v) Vivo Capital Fund VIII, L.P., and (vi) Vivo Asia Opportunity Fund, L.P. (collectively, the "Vivo Entities"), each of which held 2,699,286, 1,891,627, 24,673,087, 11,376,779, 82,387,339 and 2,194,000 Shares, respectively. As such, under the SFO, Vivo Capital LLC (through its interest in the controlled corporations, i.e. the Vivo Entities) is deemed to be interested in 125,222,118 Shares collectively held by the Vivo Entities.
- (3) Mr. Hebert Pang Kee Chan indirectly held 158,588,612 Shares consisting of 51,476,280 Shares directly held through Success Growth Limited, 105,975,145 Shares directly held through King Bridge Investments Limited, and 1,137,187 Shares directly held through Sun Bridge Holdings Limited, a company wholly owned by Golden Sage Investments Limited. To the best knowledge of the Company, Success Growth Limited and King Bridge Investments Limited is directly and wholly owned by Mr. Hebert Pang Kee Chan, and Mr. Hebert Pang Kee Chan holds Sun Bridge Holdings Limited indirectly through Golden Sage Investments Limited.
- (4) HHLR Advisors, Ltd. (formerly known as Hillhouse Capital Advisors, Ltd.) is the investment manager and general partner of HHLR Fund, L.P. (formerly known as Gaoling Fund, L.P.) and YHG Investment, L.P., (collectively "Hillhouse Entities") of which HHLR Fund, L.P. held 200,475,300 Shares. As such, under the SFO, HHLR Advisors, Ltd. (through its interest in the controlled corporations, i.e. the Hillhouse Entities) is deemed to be interested in 208,671,222 Shares collectively held by the Hillhouse Entities.

- (5) The Goldman Sachs Group, Inc. is the management company of (i) Goldman Sachs International, (ii) Goldman Sachs Group UK Limited, and (iii) Goldman Sachs (UK) L.L.C (collectively “**Goldman Entities**”). As such, under the SFO, The Goldman Sachs Group, Inc. (through its interest in the controlled corporations, i.e. the Goldman Entities) is deemed to be interested in 119,806,627 Shares collectively held by the Goldman Entities, including through the holding of certain unlisted derivatives — physically settled (60,426,200 Shares) and cash settled (9,234,000 Shares).
- (6) The Goldman Sachs Group, Inc is also interested in 49,895,408 Shares, including through the holding of certain unlisted derivatives — cash settled (9,336,000 Shares).

Save as disclosed above, as of 30 June 2024, the Company and the Directors were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

### PRE-IPO INCENTIVISATION PLANS

The 2015 Pre-IPO Incentivisation Plan and the 2016 Pre-IPO Incentivisation Plan were adopted and approved by resolutions in writing by the Board and the Shareholders on 6 September 2016. The 2016 Pre-IPO Incentivisation Plan was subsequently amended by resolutions in writing by the Board and Shareholders passed on 5 February 2018. The 2018 Pre-IPO Incentivisation Plan was adopted and approved by resolutions in writing by the Board and the Shareholders on 28 November 2018. The terms of each of the Pre-IPO Incentivisation Plans are substantially similar.

The Pre-IPO Incentivisation Plans provides for awards of options, share purchase rights and RSUs.

1. **Options.** On and subject to the Pre-IPO Incentivisation Plans, the Administrator shall be entitled to make an offer to any eligible participant to take up options in respect of such number of Shares as the Administrator may determine and at the exercise price determined by the Administrator in its sole discretion and disclosed under the award agreement. An option shall be deemed exercised when the Company receives (i) notice in writing from the eligible participant to the Company in the specified form under the award agreement; (ii) full payment for the Shares with respect to which the option is exercised, together with any applicable tax withholding; and (iii) all representations, indemnifications and documents requested by the Administrator.
2. **Share Purchase Rights.** On and subject to the Pre-IPO Incentivisation Plans, each share purchase right shall be evidenced by an award agreement. The purchase price and exercise price (as the case may be) shall be determined by the Administrator in its sole discretion and any Shares awarded or sold pursuant to the share purchase rights shall be subject to such forfeiture conditions, rights of repurchase or redemption, rights of first refusal and other transfer restrictions as the Administrator may determine or as provided in the memorandum of association of the Company and the Articles of association.
3. **RSUs.** A restricted share unit may be earned in whole or in part upon the passage of time or the attainment of performance criteria established by the Administrator and may be settled for cash, Shares or other securities or a combination of cash, Shares or other securities as established by the Administrator.

### Summary of Terms

**Purpose.** The purpose of the Pre-IPO Incentivisation Plans is to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected employees, Directors, and consultants and to promote the success of our business.

**Eligible participants.** Any employee, Director or consultant of the Company who is engaged by the Group to render consulting or advisory services to the Group shall be eligible to participate in the Pre-IPO Incentivisation Plans.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

**Administration.** The Pre-IPO Incentivisation Plans shall be subject to the administration of the Board or a committee appointed by the Board. Each award or option granted under the Pre-IPO Incentivisation Plans shall be evidenced by an award agreement between the Company and a participant, the form of which shall be approved from time to time by the administrator of the Pre-IPO Incentivisation Plans (the “**Administrator**”).

**Duration.** Subject to the termination provisions under the Pre-IPO Incentivisation Plans, the Pre-IPO Incentivisation Plans shall be valid and effective for a period of 10 years commencing on the adoption date after which period no further awards or options will be granted, but the provisions thereof shall in all other respects remain in full force and effect and shall not affect the ability of the Administrator to exercise the powers granted to it under the Pre-IPO Incentivisation Plans with respect to awards granted under the Pre-IPO Incentivisation Plans prior to the date of such termination.

The Administrator shall determine the time or times at which an option may be exercised by the grantee in whole or in part, and vesting period of options or awards granted under the Pre-IPO Incentivisation Plans in whole or in part.

Effective from 31 August 2023, each of the 2015 Pre-IPO Incentivisation Plan, the 2016 Pre-IPO Incentivisation Plan and the 2018 Pre-IPO Incentivisation Plan was terminated and no new grants will be made pursuant to the foregoing plans thereupon. Following such termination, remaining life of each of the 2015 Pre-IPO Incentivisation Plan, the 2016 Pre-IPO Incentivisation Plan and the 2018 Pre-IPO Incentivisation Plan is not applicable.

**Maximum number of Shares.** Pursuant to the Pre-IPO Incentivisation Plans, the maximum number of Shares in respect of which options and awards may be granted shall not exceed 274,586,514 Shares (183,888,050 Shares for the 2015 Pre-IPO Incentivisation Plan, 22,200,000 Shares for the 2016 Pre-IPO Incentivisation Plan, and 68,498,464 Shares for the 2018 Pre-IPO Incentivisation Plan) which represents approximately 15.58% (10.43% for the 2015 Pre-IPO Incentivisation Plan, 1.26% for the 2016 Pre-IPO Incentivisation Plan, and 3.89% for the 2018 Pre-IPO Incentivisation Plan) of the total issued shares of the Company as at the date of this report.

As at 30 June 2024, an aggregate of 217,115,073 Shares have been issued to directors, senior management and employees of the Group or their affiliates pursuant to share awards already vested, and 21,797,750 Shares have been reserved and are currently held by Golden Autumn Group Limited and Strausberg Group Limited for vesting of awards only under the Pre-IPO Incentivisation Plans and held under trusts to be transferred to individual grantee after they exercise their grants. Such 21,797,750 Shares include (i) a total of 5,989,834 Shares held by the relevant trustees the underlying RSUs of which were lapsed during the Reporting Period; and (ii) a total of 15,807,916 Shares the underlying RSUs of which were granted but not yet vested prior to the termination of the Pre-IPO Incentivization Plans. Each of Golden Autumn Group Limited and Strausberg Group Limited is a special purpose vehicle managed by the trustee of Lakeview Trust and Summit Trust, TMF (Cayman) Ltd., established for the purpose of holding Shares pursuant to the Pre-IPO Incentivisation Plans.

Following the terminations of all the Pre-IPO Incentivisation Plans on 31 August 2023, all remaining number of Shares held by Golden Autumn Group Limited and Strausberg Group Limited in connection thereto, being 51,481,607 Shares in aggregate (that is, excluding an accumulated total of 7,739,959 Shares held by the relevant trustees the underlying RSUs of which were lapsed since the termination of all the Pre-IPO Incentivisation Plans on 31 August 2023 (including those lapsed during the Reporting Period, being 4,239,584 Shares)), representing approximately 2.92% of the total issued share capital of the Company as at the date of shareholders’ approval of the 2023 Share Award Scheme, have been used for further grant or vesting of awards under the 2023 Share Award Scheme. For details, please see the subsection headed “2023 Share Award Scheme” below.

1,750,250 and 5,989,834 awards were available for grant under the Pre-IPO Incentivisation Plans as of 1 January 2024 and 30 June 2024, respectively, as the Pre-IPO Incentivisation Plans were terminated on 31 August 2023.



**Maximum entitlement of each participant.** No employee of the Group shall be granted an award which, if exercised or settled in full, would result in such employee becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued under all the awards previously granted to him which have been exercised, and, issuable or settled under all the awards previously granted to him/her which are for the time being subsisting and unexercised, would exceed ten percent (10%) of the aggregate number of Shares for the time being issued and issuable under the plan.

**Consideration.** The consideration to be paid for the Shares to be issued under the Pre-IPO Incentivisation Plans, including the method of payment, shall be determined by the Administrator subject to the provisions in the Pre-IPO Incentivisation Plans and applicable law. The tax withholding to be paid for the Shares shall be determined according to the provisions in the Pre-IPO Incentivisation Plans and applicable law. Depending on the specific plan of the Pre-IPO Incentivisation Plans under which the underlying RSUs were granted, the relevant consideration for each RSU ranged between US\$0.000002 and US\$0.178. The Administrator may determine in its absolute discretion the purchase price of the RSUs, taking into account (including but not limited to) the purpose of the relevant Pre-IPO Incentivisation Plan and the characteristics and profile of the grantee. The Board believes that it is in the best interests of the Company to retain the flexibility to impose appropriate conditions in light of the particular circumstances of each grant, which would then be a more meaningful reward for the grantees' contribution or potential contribution. Such room for discretion provides the Board with flexibility to stipulate, if necessary, a purchase price for the RSUs, while balancing the purpose of the award and the interests of Shareholders. Therefore, the aforesaid term regarding the purchase price aligns with the purpose of the respective Pre-IPO Incentivisation Plan. There is no other payable amount on application or acceptance of the option or award. There is no prescribed period within which payments or calls must or may be made or loans for such purposes must be repaid in respect of the options and/or awards offered under the Pre-IPO Incentivisation Plans.

As at the date of this report, the aggregate number of underlying Shares pursuant to the unvested RSUs granted under the Pre-IPO Incentivisation Plans is 10,526,083 Shares (that is, excluding an accumulated total of 7,739,959 Shares held by the relevant trustees the underlying RSUs of which were lapsed since the termination of all the Pre-IPO Incentivisation Plans on 31 August 2023 (including those lapsed during the Reporting Period, being 4,239,584 Shares)) in aggregate, representing approximately 0.60% of the total issued share capital of the Company as at the date of this report. During the Reporting Period, there were no movements with regard to share options or share purchase rights. As at 30 June 2024, there were no outstanding share options or share purchase rights under the Pre-IPO Incentivisation Plans. Accordingly, there are no discloseable matters with regard to share options or share purchase rights pursuant to Rule 17.07 of the Listing Rules.

**Vesting and Exercise period of the share options.** All options available under the Pre-IPO Incentivisation Plans were granted and exercised prior to the commencement of the Reporting Period.

**Vesting period of the RSUs.** RSUs granted under the Pre-IPO Incentivisation Plans are subject to time based vesting condition of four or five years since the date of the grant and performance milestone vesting conditions.

For further details, please refer to the section headed "Statutory and General Information — Pre-IPO Incentivisation Plans" in Appendix V to the Prospectus and note 21 to the Interim Condensed Consolidated Financial Information of this report.

Since the adoption of Pre-IPO Incentivisation Plans, and up to 30 June 2024, the Company did not grant or vest any share purchase rights pursuant to the Pre-IPO Incentivisation Plans.



# CORPORATE GOVERNANCE AND OTHER INFORMATION

During the Reporting Period, the movements in the RSUs granted under the Pre-IPO Incentivisation Plans were as follows:

Name of category of grantee	Unvested as at January 1, 2024	Granted during the Reporting Period <sup>(1)</sup>	Vested during the Reporting Period <sup>(2)</sup>	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Expired during the Reporting Period	Under which Pre-IPO Incentivisation Plan	Date of grant of RSUs	Fair value of RSUs at the grant date <sup>(3)</sup>	Vesting period of RSUs	Grant price of RSUs <sup>(4)</sup>	Closing price per Share immediately before the grant date of awards	Weighted average closing price per Share 2024 divided by weighted average	Number of Shares underlying RSUs
<b>Grantees in aggregate</b>	2,650,000	0	0	0	0	0	2,650,000 2015 Plan (RSU)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	1,450,000	0	0	0	0	0	1,450,000 2016 Plan (RSU)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	15,947,500	0	0	4,239,584	0	0	11,707,916 2018 Plan (RSU)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Subtotal</b>	20,047,500	0	0	4,239,584	0	0	15,807,916							
<b>Total</b>	20,047,500	0	0	4,239,584	0	0	15,807,916							

*Notes:*

- (1) Pursuant to the commitments made by the Company in the circular dated 3 May 2023, the Company has refrained from making grants under Pre-IPO Incentivization Plans from 3 May 2023.
- (2) Refers to the timing when the relevant grantees became beneficially entitled to the underlying Shares represented by the corresponding number of RSUs.
- (3) Details of the valuation of RSUs granted during the Reporting Period, including the accounting standard and policy adopted for the Pre-IPO Incentive Scheme, are set out in note 21 to the Interim Condensed Consolidated Financial Information of this report.
- (4) There is no other purchase price or other payable amount on application or acceptance of the RSUs.
- (5) Rule 17.07(3) is not applicable because all underlying Shares represented by RSUs granted pursuant to the Pre-IPO Incentivization Plans during the Reporting Period were already issued prior to the IPO.

## POST-IPO RSU SCHEME

The Company has adopted the Post-IPO RSU Scheme by resolutions passed by the Board of the Company on 6 July 2020. The Post-IPO RSU Scheme does not comply with Chapter 17 of the Listing Rules.

Since the adoption of the Post-IPO RSU Scheme, and up to the date of its termination, the Company did not grant or vest any RSU pursuant to the Post-IPO RSU Scheme. Accordingly, as of the date of this report, no Share has been issued pursuant to or in connection with the Post-IPO RSU Scheme.

Accordingly, there are no discloseable matters with regard to RSUs under the Post-IPO RSU Scheme pursuant to Rule 17.07 of the Listing Rules.

### Summary of Terms

**Purpose.** The purpose of the Post-IPO RSU Scheme is to reward employees for their past contribution to the success of the Company and to provide incentives to them to further contribute to the Company.

**Eligible participants.** The Eligible Participants include any employee or officer of the Company or any subsidiary including (without limitation to) any executive or non-executive director in the employment of or holding office in the Company or any subsidiary of the Company.

**Administration.** The Post-IPO RSU Scheme shall be subject to the administration of the Board who may delegate all or part of such administration to a committee or any other authorized agent. The decision of the Board or persons to whom the Board has delegated relevant powers shall be final and binding on all parties for any matters concerning the interpretation or application of this Post-IPO RSU Scheme.

**Maximum number of Shares.** The maximum number of Shares in respect of which RSU may be granted under the Post-IPO RSU Scheme when aggregated with the maximum number of Shares in respect of which options or awards may be granted under any other share-based incentive scheme shall not exceed 10% of the total issued share capital of the same class of the Company as of the date of adoption (or of the refreshment of the 10% limit).

Nil and nil Shares are underlying awards available for grant under the Post-IPO RSU Scheme as of 1 January 2024 and 30 June 2024, respectively. Pursuant to the circular of the Company and the poll results announcement dated 16 August 2023 and 31 August 2023, respectively, the Post-IPO RSU Scheme was terminated on 31 August 2023, that is the date the 2023 Share Award Scheme, a Chapter 17 compliant share award scheme, was approved by the Shareholders. Following such termination, remaining life of the Post-IPO RSU Scheme is not applicable.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

Accordingly, as at the date of this report, the total maximum number of Shares in respect of which RSUs may be granted under the Post-IPO RSU Scheme would be nil, representing 0% of the number of Shares in issue as at the date of this report.

**Maximum entitlement of each participant.** The Post-IPO RSU Scheme does not specify maximum entitlement of each participant.

**Vesting period.** The vesting schedule shall be determined by the Board subject to the provisions in the Post-IPO RSU Scheme and applicable laws.

**Purchase price.** The purchase price of RSUs shall be determined by the Board subject to the provisions in the Post-IPO RSU Scheme and applicable laws. No grant of RSUs under the Post-IPO RSU Scheme was made prior to the termination thereof.

**Term.** Unless terminated earlier in accordance with the rules of Post-IPO RSU Scheme, the Post-IPO RSU Scheme will be valid and effective for a period commencing from the date of adoption and expiring on the tenth anniversary thereof. Any early termination of the Post-IPO RSU Scheme shall not affect any subsisting rights of any grantee thereunder.

For further details, please refer to the announcement of the Company dated 6 July 2020.

### 2023 RMB SHARE INCENTIVE SCHEME

The Company adopted the 2023 RMB Share Incentive Scheme upon approval of the Shareholders during the AGM held on 2 June 2023. The 2023 RMB Share Incentive Scheme is a share incentive scheme comprising awards in the form of restricted shares underlined by RMB Shares only, prepared in accordance with the PRC related financial regulations and listing rules and the Hong Kong Listing Rules. For details of the 2023 RMB Share Incentive Scheme, please refer to the circular of the Company dated 3 May 2023.

#### Summary of Terms

**Purpose.** The purpose of the 2023 RMB Share Incentive Scheme is to improve the Company's long-term incentive mechanism, attract and retain outstanding personnel, fully mobilise the enthusiasm of the Company's employees, effectively bring together the interests of shareholders, the Company and core teams, enable all parties share a common concern for the long-term development of the Company, and under the premise of fully safeguarding the interests of shareholders.

**Eligible participants.** The eligible participants include the Directors, senior management, core technicians and other employees of the Group (together, the "Incentive Participants").

**Administration.** The Board, as authorised by the shareholders at the AGM held on 2 June 2023, will administer the 2023 RMB Share Incentive Scheme and be responsible for the implementation of the 2023 RMB Share Incentive Scheme.

**Duration/validity period.** The validity period of the 2023 RMB Share Incentive Scheme will be from 2 June 2023 and until all restricted shares are granted but in no event shall exceed 72 months since the date of the adoption thereof. The remaining life of the 2023 RMB Share Incentive Scheme is four years and eight months.

**Maximum number of restricted shares.** The number of restricted shares to be granted to the Incentive Participants under the 2023 RMB Share Incentive Scheme is 8,948,750 RMB Shares, representing approximately 0.51% of the total issued shares of the Company as of 2 June 2023, being the date of adoption thereof, and 0.51% of the total issued shares of the Company as of 30 June, 2024.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

As at 30 June 2024, an aggregate of 8,644,250 restricted shares have been granted to Directors, senior management, core technicians and other employees of the Group pursuant to the 2023 RMB Share Incentive Scheme.

As of the date of this report, 0 Shares are available for issue under the 2023 RMB Share Incentive Scheme.

**Maximum entitlement of each participant.** Under the 2023 RMB Share Incentive Scheme, the number of issued Shares granted to any Incentive Participants through all share incentive schemes of the Company within the validity period will not exceed 1% of the total issued Shares of the Company as at 2 June 2023. In addition, for the Incentive Participants who are Directors or chief executives of the Company, the grant of share awards to such persons must be approved by the Independent Non-executive Directors, and the grant of share awards to such persons in any 12-month period will be subject to the approval of the Independent Shareholders if such grant exceeds 0.1% of the total issued Shares of the Company. There is no sublimit for a service provider as set out under Chapter 17 of the Listing Rules for the 2023 RMB Share Incentive Scheme.

**Consideration.** The consideration to be paid for the grants is RMB6.95 per restricted share which was determined with reference to 50% of the average trading price of RMB Shares on the 120 trading days preceding the date of announcement of the 2023 RMB Share Incentive Scheme. In accordance with the relevant provisions of the national tax laws and regulations, the Company shall withhold and pay the individual income tax and other taxes payable by the Incentive Participants for participation in the 2023 RMB Share Incentive Scheme. There is no other payable amount on application or acceptance of the option or award. There is no prescribed period within which payments or calls must or may be made or loans for such purposes must be repaid in respect of the options and/or awards offered under the 2023 RMB Share Incentive Scheme.

**Vesting Period and conditions of the restricted shares.** Subject to the Incentive Participants fulfilling the vesting conditions, the restricted shares so granted will be vested in equal instalments in the first trading day of the start of each of the four consecutive twelve-month periods since the date of the grant. For details of the vesting conditions, please refer to the circular of the Company dated 3 May 2023.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

During the Reporting Period, the movements in the restricted shares granted under the 2023 RMB Share Incentive Scheme were as follows:

Name of category of grantee	Number of RSUs (0,000 shares)						Date of grant	Fair value of RSUs at the grant date <sup>(1)</sup>	Vesting period of restricted shares <sup>(2)</sup>	Grant price of restricted shares	Closing price per Share immediately before the grant date of awards	Weighted average closing price per Share underlying the restricted shares as of June 30, 2024 divided by the weighted average price per Share during the vesting period		
	Unvested as at January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Expired during the Reporting Period							Unvested as at June 30, 2024	
<b>1. Directors, Senior Management and Core Technicians</b>														
Dr. Jisong Cui	165,000	0	0	0	0	0	165,000	2 June 2023	N/A	four accounting years from 2023 to 2026	RMB6.95	RMB17.23	N/A	0.62%
Dr. Xiangqiang Chen	50,000	0	0	0	0	0	50,000	2 June 2023	N/A				0.19%	
Dr. Renbin Zhao	40,000	0	0	0	0	0	40,000	2 June 2023	N/A				0.15%	
Subtotal	255,000	0	0	0	0	0	255,000						0.96%	
<b>2. Other Incentive Participants</b>														
Other employees whom the Board considers necessary to be incentivized (47 persons)	0	173,700	0	0	0	0	173,700	30 May 2024	RMB3,278,587.50	in four equal tranches over one to four years from the grant date	RMB6.95	RMB7.41	N/A	0.66%
Other employees whom the Board considers necessary to be incentivized (112 persons)	454,000	0	0	18,275	0	0	435,725	2 June 2023	N/A	four accounting years from 2023 to 2026	RMB6.95	RMB17.23	N/A	1.76%
Subtotal	454,000	173,700	0	18,275	0	0	609,425						1.76%	
Total	709,000	173,700	0	18,275 <sup>(3)</sup>	0	0	864,425						2.72%	

Notes:

- (1) Details of the valuation of restricted shares granted during the Reporting Period, including the accounting standard and policy adopted for the 2023 RMB Share Incentive Scheme, are set out in note 21 to the Interim Condensed Consolidated Financial Information of this report.
- (2) For performance targets attached to the restricted shares granted during the six months ended 30 June 2024, which comprise attaining satisfactory performance at both the individual and Group level, please refer to the announcement of the Company dated May 30, 2024.
- (3) To reconcile the difference in the regulatory requirements between the Stock Exchange and Shanghai Stock Exchange on the timing of reporting lapsed awards, a further 286,750 restricted shares and 107,000 restricted shares will be recorded as lapsed as at the close of July 2024 and August 2024 respectively in accordance with the terms of the 2023 RMB Share Incentive Scheme.

### 2023 SHARE AWARD SCHEME

Pursuant to the Company's circular dated 16 August 2023 on, among other things, the proposed adoption of the 2023 Share Award Scheme and the Scheme Mandate Limit, and the poll results announcement on 31 August 2023, the 2023 Share Award Scheme was approved by the Shareholders. Immediately following the successful adoption of the 2023 Share Award Scheme, the Company has terminated all existing share schemes, being the Pre-IPO Incentivization Plans and the Post-IPO RSU Scheme, in accordance with the relevant scheme rules thereof. The 2023 Share Award Scheme has been in operation since the date of the EGM on 31 August 2023, being the adoption date thereof.

Accordingly, the Company is able to make grants under the 2023 Share Award Scheme, a Chapter 17 compliant share scheme, and all underlying shares were issued prior to the Hong Kong IPO and are currently held by the relevant trustee (the "**Trustee Shares**"). These Trustee Shares, taking up 2.92% of the issued share capital as of the date of passing the 2023 Share Award Scheme, is the scheme mandate limit of the 2023 Share Award Scheme. Solely for the purpose of complying with the Listing Rules, the 2023 Share Award Scheme is to be regarded as a share scheme involving issue of new shares with respect of the Trustee Shares and accordingly is subject to the relevant provisions under Chapter 17 of the Listing Rules governing share schemes involving issue of new issues.

#### Summary of Terms

**Purpose.** The specific objectives of the 2023 Share Award Scheme are to: (i) recognise the contributions by certain selected participants with an opportunity to acquire a proprietary interest in the Company; (ii) encourage and retain such individuals for the continual operation and development of the Group; (iii) provide additional incentives for them to achieve performance goals; (iv) attract suitable personnel for further development of the Group; and (v) motivate the selected participants to maximise the value of the Company for the benefits of both the selected participants and the Company, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the selected participants directly to the shareholders of the Company through ownership of Shares.

**Eligible participants.** The eligible participants include employee participants and service providers, each as defined under the Listing Rules.

**Administration.** The 2023 Share Award Scheme shall be subject to the administration of the Board and the relevant trustee with respect to their respective functions in accordance with the terms of the 2023 Share Award Scheme and the relevant trust deed. Unless otherwise specified in the terms of the 2023 Share Award Scheme, the decision made in accordance with the trust deed regarding the administration and operation of the 2023 Share Award Scheme shall be final and binding on all parties.

**Duration/validity period.** Subject to any early termination, the 2023 Share Award Scheme shall be valid and effective for a term of 10 years commencing on the date of adoption on 31 August 2023. The remaining life of the 2023 Share Award Scheme is nine years.

**Maximum number of restricted shares.** The number of Shares which may be awarded by the Board under the 2023 Share Award Scheme shall not exceed 51,481,607 Shares (that is, excluding a total of 117,000 Shares held by the relevant trustees the underlying RSUs of which were lapsed during the Reporting Period), representing approximately 2.92% of the total number of issued shares of the Company as at the adoption date, all of which were already issued to the relevant trustee in the form of Trustee Shares. Amongst which, the number of Shares that available for grant under the service provider sublimit shall not exceed 1,764,321 Shares, representing not more than 0.1% of the total number of issued Shares as of the adoption date.





## CORPORATE GOVERNANCE AND OTHER INFORMATION

As at 30 June 2024, an aggregate of 6,490,000 restricted shares have been granted to Directors, senior management, core technicians and other employees of the Group pursuant to the 2023 Share Award Scheme, representing 0.37% of the total issued capital of the Company as of the date of this report. The remaining 44,991,607 restricted shares have been reserved for further grants pursuant to the 2023 Share Award Scheme, representing 2.55% of the total issued capital of the Company as of the date of this report.

51,481,607 and 44,991,607 Shares are underlying awards available for grant under the 2023 Share Award Scheme as of its adoption date and 30 June 2024, respectively (representing 2.92% and 2.55% of the total issued capital of the Company as of the date of this report, respectively), within which 1,764,321 and 1,764,321 Shares are underlying awards available for grant to service providers under the 2023 Share Award Scheme as of its adoption date and 30 June 2024 (representing 0.1% and 0.1% of the total issued capital of the Company as of the date of this report, respectively).

As all Shares to satisfy the awards granted under the 2023 Share Award Scheme have been issued and held by the trustee for the purpose of the 2023 Share Award Scheme, there is no Share available for issue under the 2023 Share Award Scheme.

**Maximum entitlement of each participant.** No award may be granted to any one eligible participant such that the total number of Shares issued and to be issued in respect of all awards granted to such person (excluding any awards lapsed in accordance with the terms of the scheme) in any twelve (12) month period up to the date of the latest grant exceeds 1% of the total issued shares of the Company from time to time, unless such grant is separately approved by shareholders of the Company in general meeting with such grantee and his/her close associates (with the meaning ascribed thereto under the Listing Rules) (or his/her associates if the grantee is a connected person) abstaining from voting in accordance with Rule 17.03D(1) of the Listing Rules. The maximum number of new Shares which may be awarded to all of the selected participants who are service providers (including, where the service provider is an entity, its employees, directors, consultants, advisers or agents who provides service to the Group) in aggregate under the 2023 Share Award Scheme shall not exceed 0.1% of the issued Shares as at the adoption date.

**Consideration.** As the 2023 Share Award Scheme is an attempt for the Company to consolidate and bring the Pre-IPO Incentivization Plans into compliance with Chapter 17 of the Listing Rules, the basis for determination of the purchase price of the Award will follow those of the Existing Plans, that is to be at the Board's sole discretion. Accordingly, the Board has resolved to set the relevant consideration for each award to be US\$0.178. In setting the consideration, the Board took into account (including but not limited to) the purpose of the 2023 Share Award Scheme and the characteristics and profile of the grantee. The Board believes that it is in the best interests of the Company to retain the flexibility to impose appropriate conditions in light of the particular circumstances of each grant, which would then be a more meaningful reward commensurate to the grantees' contribution or potential contribution. Such room for discretion provides the Board with flexibility to stipulate a purchase price for the restricted shares, while balancing the purpose of the award and the interests of Shareholders. Therefore, the aforesaid term regarding the purchase price aligns with the purpose of the 2023 Share Award Scheme.

**Vesting Period and conditions of the restricted shares.** Subject to fulfilling the relevant vesting conditions, the vesting period in respect of an award held by the Employee Participant must be at least 12 months, except a shorter vesting period may be granted to an Employee Participant in the circumstances referred in Question No. 10 of FAQ No. 092-2022 published by the Hong Kong Stock Exchange. For the avoidance of doubts, the vesting period in respect of an Award held by the selected participant that is a service provider must be at least 12 months with no exceptions allowing for a shorter vesting period thereof.

For details of the terms of the 2023 Share Award Scheme, see the Company's circular dated 16 August 2023.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

During the Reporting Period, the movements in the RSUs granted under the 2023 Share Award Scheme were as follows:

Name of category of grantee	Number of RSUs (0,000 shares)					Date of grant	Fair value of RSUs at the grant date <sup>(i)</sup>	Vesting period of restricted shares <sup>(ii)</sup>	Purchase price of restricted shares awards	Closing price per Share immediately before the grant date of awards	Weighted average closing price per Share underlying the restricted shares vested during the period	Number of Shares underlying restricted shares outstanding as of June 30, 2024 divided by the weighted average number of Shares	
	As at January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period								As at June 30, 2024
<b>Directors, Senior Management and Core Technicians</b>	0	100,000	0	0	0	100,000	28 June 2024	US\$527,200	(i) 600,000 RSUs shall vest in four equal tranches over one to four years from the grant date;	US\$0.178	HKD4.65	N/A	N/A
									(ii) 400,000 RSUs shall vest on performance-based vesting conditions	RMB7.87			
<b>Other employee participants</b>	370,000	179,000	0	0	0	549,000	28 June 2024	US\$943,688	(i) 900,000 RSUs shall vest in four equal tranches over one to four years from the grant date;	US\$0.178	HKD4.65	N/A	N/A
									(ii) 890,000 RSUs shall vest on performance-based vesting conditions	RMB7.87			
<b>Total</b>	<b>370,000</b>	<b>279,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>649,000</b>							

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Notes:

- (1) Details of the valuation of restricted shares granted during the Reporting Period, including the accounting standard and policy adopted for the 2023 Share Award Scheme, are set out in note 21 to the Interim Condensed Consolidated Financial Information of this report.
- (2) For performance targets attached to the restricted shares granted during the six months ended 30 June 2024, which comprise attaining satisfactory performance at both the individual and Group level, please refer to the circular of the Company dated 16 August 2023.

### 2024 SHARE AWARD SCHEME

The Company has adopted the 2024 Share Award Scheme by resolutions passed by the Board of the Company on March 28, 2024. The grant of awards under the 2024 Share Award Scheme will comprise existing Shares purchased or to be purchased by the designated trustee of the Company on-market or off market. There will be no new Shares to be issued to satisfy the grants under the 2024 Share Award Scheme. Therefore, the number of Shares that may be issued in respect of awards granted under the 2024 Share Award Scheme during the six months ended June 30, 2024 divided by the weighted average number of Shares in issue for the six months ended June 30, 2024 is not applicable since there is no Share available for issue under the 2024 Share Award Scheme.

The following is a summary of the principal terms of the 2024 Share Award Scheme.

#### Summary of Terms

**Purpose.** The objectives of the 2024 Share Award Scheme are to: (i) recognise and reward the contribution of certain eligible participants to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

**Eligible participants.** The eligible participants include employee participants, related entity participants and service providers, each as defined under the Listing Rules.

**Administration.** The 2024 Share Award Scheme shall be subject to the administration of the Board or the committee (as delegated by the Board) whose decisions on all matters arising in relation to the 2024 Share Award Scheme or its interpretation or effect shall be final, conclusive and binding on all persons who may be affected thereby, provided that such administration shall not prejudice the powers of the designated trustee pursuant to the trust deed.

**Duration/validity period.** Subject to any early termination, the 2024 Share Award Scheme shall be valid and effective for a term of ten (10) years commencing from the date of adoption on March 28, 2024. The remaining life of the 2024 Share Award Scheme is nine years and seven months.

**Maximum number of restricted shares.** The number of Shares which may be awarded by the Board under the 2024 Share Award Scheme shall not exceed 176,258,245 Shares, representing approximately 10% of the total number of issued shares of the Company as at the adoption date, all of which were already issued. There is no service provider sublimit adopted under the 2024 Share Award Scheme.

From the date of adoption of the 2024 Share Award Scheme to 30 June 2024, no grants have been made to any Directors, senior management, core technicians and other employees of the Group pursuant to the 2024 Share Award Scheme. Therefore, 176,258,245 Shares are underlying awards available for grant under the 2024 Share Award Scheme as of its adoption date and 30 June 2024 (representing 10% of the total issued capital of the Company as of the date of this report).

As all Shares to satisfy the awards granted under the 2024 Share Award Scheme were already issued for the purpose of the 2024 Share Award Scheme, there is no Share available for issue under the 2024 Share Award Scheme.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

**Maximum entitlement of each participant.** No award may be granted to any eligible participant such that the total number of Shares issued and to be issued in respect of all awards granted to such person (excluding any awards lapsed in accordance with the terms of the scheme) in any twelve (12) month period up to the date of the latest grant exceeds 1% of the total issued shares of the Company as at the adoption date.

**Consideration.** There is no amount payable on application or acceptance of the awards and the purchase price of the awards is nil, and therefore (i) there is no period within which payments or calls must or may be made or loans for such purposes must be repaid under the 2024 Share Award Scheme, and (ii) basis of determining purchase price of Shares awarded is not applicable.

**Vesting Period and conditions of the restricted shares.** The Shares underlying an award shall vest on the date(s) to be determined by the Board and notified to the relevant grantee in the notice of grant on which the Shares underlying such award shall vest (the “**Vesting Date**”). In the event that the Board determines in its absolute discretion that any conditions and/or performance targets to be duly fulfilled by such eligible participant as specified in the related award notice has not been duly fulfilled or has not been waived by the Board, the Board shall be entitled to determine that the award made to such eligible participant shall lapse forthwith and the relevant awarded Shares shall not vest on the relevant Vesting Date.

### NO MATERIAL CHANGES

Save as disclosed in this interim report, there are no material changes affecting the Company’s performance that needs to be disclosed under paragraphs 32 and 40(2) of Appendix D2 to the Listing Rules during the Reporting Period.

### CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

As of June 30, 2024, the Company does not have any disclosure obligations pursuant to Rules 13.20, 13.21 and 13.22 of the Listing Rules.

**InnoCare Pharma Limited**  
**Dr. Jisong Cui**  
*Chairperson and Executive Director*

20 August 2024

# INDEPENDENT REVIEW REPORT



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**To the board of directors of InnoCare Pharma Limited**  
*(Incorporated in the Cayman Islands with limited liability)*

## INTRODUCTION

We have reviewed the interim financial information set out on pages 79 to 112, which comprises the condensed consolidated statement of financial position of InnoCare Pharma Limited (the “**Company**”) and its subsidiaries (the “**Group**”) as at 30 June 2024 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong  
20 August 2024

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>REVENUE</b>	5	<b>419,738</b>	377,549
Cost of sales		<b>(60,140)</b>	(76,072)
<b>Gross profit</b>		<b>359,598</b>	301,477
Other income and gains	5	<b>111,356</b>	131,265
Selling and distribution expenses		<b>(157,153)</b>	(191,208)
Research and development expenses		<b>(420,822)</b>	(358,130)
Administrative expenses		<b>(91,511)</b>	(87,299)
Other expenses		<b>(33,059)</b>	(179,150)
Fair value changes of a convertible loan		<b>(23,663)</b>	(23,707)
Impairment loss on financial assets		<b>(668)</b>	—
Share of losses of joint ventures		<b>(1,536)</b>	(2,087)
Finance costs		<b>(10,465)</b>	(20,345)
<b>LOSS BEFORE TAX</b>		<b>(267,923)</b>	(429,184)
Income tax expenses	7	<b>(29)</b>	—
<b>LOSS FOR THE PERIOD</b>	6	<b>(267,952)</b>	(429,184)
<b>Attributable to:</b>			
Owners of the parent		<b>(261,840)</b>	(422,211)
Non-controlling interests		<b>(6,112)</b>	(6,973)
		<b>(267,952)</b>	(429,184)
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted	9	<b>RMB(0.16)</b>	RMB(0.25)



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		For the six months ended 30 June	
	Note	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>LOSS FOR THE PERIOD</b>	6	<b>(267,952)</b>	(429,184)
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Other comprehensive income that may not be reclassified to profit or loss in subsequent periods:</b>			
Exchange differences on translation of foreign operations		<b>36,331</b>	233,692
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>		<b>36,331</b>	233,692
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(231,621)</b>	(195,492)
<b>Attributable to:</b>			
Owners of the parent		<b>(225,509)</b>	(188,519)
Non-controlling interests		<b>(6,112)</b>	(6,973)
		<b>(231,621)</b>	(195,492)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	805,161	759,764
Right-of-use assets	11	296,546	293,837
Goodwill		3,125	3,125
Other intangible assets		36,544	39,007
Investments in joint ventures		4,124	5,660
Other financial assets	14	401,016	—
Other non-current assets		59,033	52,413
Total non-current assets		1,605,549	1,153,806
<b>CURRENT ASSETS</b>			
Inventories		118,381	119,095
Trade and bills receivables	12	280,677	307,638
Prepayments, other receivables and other assets	13	124,881	113,994
Other financial assets	14	642,941	—
Cash and bank balances	15	6,903,693	8,224,596
Total current assets		8,070,573	8,765,323
<b>CURRENT LIABILITIES</b>			
Trade payables	16	117,242	134,905
Other payables and accruals		669,052	667,717
Interest-bearing bank borrowings		5,000	5,000
Deferred income	19	11,274	12,008
Lease liabilities		34,183	23,233
Convertible loan	17	1,274,794	1,251,131
Total current liabilities		2,111,545	2,093,994
<b>NET CURRENT ASSETS</b>		<b>5,959,028</b>	6,671,329
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>7,564,577</b>	7,825,135

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		33,900	26,300
Lease liabilities		39,781	43,647
Long term payables	18	294,048	305,577
Deferred income	19	258,369	268,906
Total non-current liabilities		626,098	644,430
<b>NET ASSETS</b>			
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	20	23	23
Repurchased Shares to be cancelled		(7,386)	—
Reserves		6,919,097	7,147,825
		6,911,734	7,147,848
Non-controlling interests		26,745	32,857
<b>TOTAL EQUITY</b>		<b>6,938,479</b>	<b>7,180,705</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

Attributable to owners of the parent

	Repurchased		Share premium	Other reserve	Share-based payment reserve	Asset revaluation reserve	Foreign exchange reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	Shares to be cancelled	Share premium									
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 20)	(note 20)	(note 20)								
At 1 January 2024	23	—	11,867,998*	(19,292)*	282,115*	(6,036)*	77,231*	(5,054,191)*	7,147,848	32,857	7,180,705
Loss for the period	—	—	—	—	—	—	—	(261,840)	(261,840)	(6,112)	(267,952)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	36,331	—	36,331	—	36,331
Total comprehensive loss for the period	—	—	—	—	—	—	36,331	(261,840)	(225,509)	(6,112)	(231,621)
Share-based payments	—	—	—	—	(348)	—	—	—	(348)	—	(348)
Shares repurchased**	—	(7,386)	(2,871)	—	—	—	—	—	(10,257)	—	(10,257)
At 30 June 2024 (Unaudited)	23	(7,386)	11,865,127*	(19,292)*	281,767*	(6,036)*	113,562*	(5,316,031)*	6,911,734	26,745	6,938,479

\* These reserve accounts comprise the consolidated reserves of RMB6,919,097,000 (31 December 2023: RMB7,147,825,000) in the condensed consolidated statement of financial position.

\*\* From 12 January 2024 to 23 February 2024, the Company repurchased an aggregate of 2,198,000 shares on the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). As at the date of 30 June 2024, a total of 548,000 Shares have been cancelled and a total of 1,650,000 Shares have not yet been cancelled. The shares were repurchased at prices ranging between HK\$4.54 to HK\$6.00 per share, for a total consideration of HK\$11,301,000 (RMB10,257,000, equivalently).

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the parent							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Other reserve	Share-based payment reserve	Asset revaluation reserve	Foreign exchange reserve	Accumulated losses			
	RMB'000 (note 20)	RMB'000 (note 20)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	23	11,756,280	(19,292)	325,367	(6,036)	(36,313)	(4,422,928)	7,597,101	47,226	7,644,327
Loss for the period	—	—	—	—	—	—	(422,211)	(422,211)	(6,973)	(429,184)
Exchange differences on translation of foreign operations	—	—	—	—	—	233,692	—	233,692	—	233,692
Total comprehensive loss for the period	—	—	—	—	—	233,692	(422,211)	(188,519)	(6,973)	(195,492)
Share-based payments	—	—	—	44,918	—	—	—	44,918	—	44,918
Exercise of restricted stock units ("RSUs")	—	101,138	—	(92,361)	—	—	—	8,777	—	8,777
At 30 June 2023 (Unaudited)	23	11,857,418	(19,292)	277,924	(6,036)	197,379	(4,845,139)	7,462,277	40,253	7,502,530

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Note	For the six months ended	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>			
Loss before tax		(267,923)	(429,184)
Adjustments for:			
Impairment loss/(reversal of impairment) on financial assets		668	(32)
Finance costs		10,465	20,345
Foreign exchange losses, net		33,005	178,644
Interest income	5	(94,559)	(93,771)
Investment income of wealth management products		(603)	—
Share of losses of joint ventures		1,536	2,087
Fair value change of a convertible loan		23,663	23,707
Fair value changes of wealth management products		(406)	(8,290)
Depreciation of property, plant and equipment		31,031	28,255
Depreciation of right-of-use assets		14,036	11,870
Amortisation of other intangible assets and other non-current assets		5,583	4,850
Loss on disposal of property, plant and equipment		14	—
Share-based payment expenses		(348)	44,918
		(243,838)	(216,601)
Decrease/(increase) in inventories		9,808	(37,766)
Decrease/(increase) in trade and bills receivables		25,790	(81,412)
Increase in prepayments, other receivables and other assets		(62,170)	(4,854)
(Decrease)/Increase in trade payables		(17,663)	10,832
Decrease in other payables and accruals		(11,025)	(32,650)
Decrease in deferred income		(6,752)	(4,579)
<b>Cash used in operations</b>		<b>(305,850)</b>	<b>(367,030)</b>
Interest received		23,321	51,539
<b>Net cash flows used in operating activities</b>		<b>(282,529)</b>	<b>(315,491)</b>



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Note	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Cash flows from investing activities</b>			
Investment income in time deposits with original maturity of more than three months when acquired and wealth management products		88,270	35,408
Increase in investments and time deposits with original maturity of more than three months when acquired		(2,349,267)	(2,192,044)
Receipt of government grants for property, plant and equipment		—	5,850
Purchases of items of property, plant and equipment and other non-current assets		(55,139)	(112,871)
Proceeds upon maturity of investments and time deposits with original maturity of more than three months when acquired		2,198,347	3,894,844
Proceeds from disposal of items of property, plant and equipment		—	3
<b>Net cash flows (used in)/from investing activities</b>		<b>(117,789)</b>	1,631,190
<b>Cash flows from financing activities</b>			
Proceeds from exercise of RSUs		8,043	5,625
New interest-bearing bank borrowings		10,100	12,700
Repayment of bank loans		(2,500)	—
Repayment of long term payables		(25,000)	—
Payment of issuance costs in relation to A-share IPO		—	(6,010)
Interest paid		(1,658)	(1,412)
Principal portion of lease payments		(11,296)	(9,642)
Repurchase of shares		(10,257)	—
<b>Net cash flows (used in)/from financing activities</b>		<b>(32,568)</b>	1,261
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(432,886)</b>	1,316,960
Cash and cash equivalents at beginning of period		4,202,564	4,179,984
Effect of foreign exchange rate changes, net		3,325	55,044
<b>Cash and cash equivalents at end of period</b>	15	<b>3,773,003</b>	5,551,988
<b>Analysis of balances of cash and cash equivalents</b>			
Cash and bank balances as stated in the statement of financial position	15	6,903,693	8,367,067
Time deposits with original maturity of more than three months when acquired	15	(3,128,440)	(2,812,579)
Restricted cash		(2,250)	(2,500)
Cash and cash equivalents as stated in the statement of cash flows		<b>3,773,003</b>	5,551,988

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 3 November 2015. The registered office of the Company is located at the offices of Ogier Global (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009 Cayman Islands.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the research and development, manufacture and commercialisation of biological products. The Company's ordinary shares were listed on the Main Board of the Hong Kong Stock Exchange and STAR Market of the Shanghai Stock Exchange on 23 March 2020 and on 21 September 2022, respectively.

## 2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with HKAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

The interim condensed consolidated financial information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

## 4. OPERATING SEGMENT INFORMATION

The Group is engaged in biopharmaceutical research and development, manufacture, commercialisation of biological products and related services, which are regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. Therefore, no analysis by operating segment is presented.

### Geographical information

#### (a) Revenue from external customers

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Chinese Mainland	418,080	322,234
Other countries/regions	1,658	55,315
Total	419,738	377,549

The revenue information above is based on the locations of the customers.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 4. OPERATING SEGMENT INFORMATION (continued)

Geographical information (continued)

(b) Non-current assets

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Chinese Mainland	<b>1,159,819</b>	1,146,193
Other countries/regions	<b>36,858</b>	414
Total	<b>1,196,677</b>	1,146,607

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets and financial instruments.

### Information about major customers

Revenue from each of the major customers (aggregated if under common control) which amounted to 10% or more of the Group's revenue during the period is set out below:

	<b>For the six months ended 30 June</b>	
	<b>2024 RMB'000 (Unaudited)</b>	2023 RMB'000 (Unaudited)
Customer A	<b>187,063</b>	102,863
Customer B	<b>47,426</b>	60,722
Customer C	—	55,315
Customer D	<b>37,585</b>	43,363
	<b>272,074</b>	262,263

## 5. REVENUE, OTHER INCOME AND GAINS

Revenue is analysed as follows:

	<b>For the six months ended 30 June</b>	
	<b>2024 RMB'000 (Unaudited)</b>	2023 RMB'000 (Unaudited)
Revenue from contracts with customers	<b>419,738</b>	377,549

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 5. REVENUE, OTHER INCOME AND GAINS (continued)

### (a) Disaggregated revenue information

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue from contracts with customers		
Sales of goods	417,820	321,466
Research and development services	955	55,315
Other services	963	768
	<b>419,738</b>	377,549
Geographical markets		
Chinese Mainland	418,080	322,234
Other countries/regions	1,658	55,315
	<b>419,738</b>	377,549

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Timing of revenue recognition from contracts with customers		
At a point in time	418,783	322,234
Over time	955	55,315
	<b>419,738</b>	377,549

### (b) Performance obligations

Information about the Group's performance obligations is summarised below:

#### *Research and development services*

The performance obligation is satisfied over time as output generated from the provision of research and development services to the customer, and payment is generally due within 30 days from the date of billing.

#### *Sales of goods*

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 90 days from the date of billing.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 5. REVENUE, OTHER INCOME AND GAINS (continued)

### (b) Performance obligations (continued)

#### Other services

The performance obligation is satisfied upon delivery of the testing service reports and payment is generally due within 30 days from delivery.

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Other income and gains</b>		
Government grants (note)	11,450	29,201
Bank interest income	94,559	93,771
Investment income from investments in wealth management products	603	—
Fair value changes of financial assets at fair value through profit or loss	406	8,290
Others	4,338	3
	<b>111,356</b>	<b>131,265</b>

Note: Government grants have been received from the People's Republic of China ("PRC") local government authorities to mainly support the subsidiaries' research and development activities and compensate capital expenditures.

## 6. LOSS FOR THE PERIOD

The Group's loss is arrived at after charging:

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	31,031	28,255
Depreciation of right-of-use assets	14,036	11,870
Amortisation of other intangible assets	3,021	2,669
Fair value change of a convertible loan	23,663	23,707
Share-based payment expenses	(348)	44,918
Employee wages and welfares	287,898	251,066
Research and development expenses, excluded share-based payment expenses	402,493	337,322
Cost of inventories sold	60,140	76,072
Foreign exchange losses, net	33,005	178,644



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

### Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

### British Virgin Islands

Under the current laws of the British Virgin Islands (“**BVI**”), Ocean Prominent Limited is not subject to tax on income or capital gains. In addition, upon payments of dividends by Ocean Prominent Limited to its shareholder, no BVI withholding tax is imposed.

### Hong Kong

The subsidiary incorporated in Hong Kong, which is a qualifying entity under the two-tiered profits tax rates regime, was subject to income tax at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. The first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

### Chinese Mainland

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the “**CIT Law**”), the subsidiaries which operate in Chinese Mainland are subject to CIT at a rate of 25% on the taxable income. Beijing InnoCare Pharma Tech Co., Ltd. (“**Beijing InnoCare**”), Nanjing Tianyin Jian Hua Pharma Tech Co., Ltd. and Guangzhou InnoCare Pharma Tech Co., Ltd. (“**Guangzhou InnoCare**”) were recognised as High and New Technology Enterprises and are thus entitled to a preferential tax rate of 15% (2023: 15%).

### Australia

Under Australian tax law, entities incorporated in Australia that meet the base rate entity rule during the year are subject to 25% income tax and other companies are subject to 30% income tax.

The subsidiary incorporated in Australia is subject to income tax at the rate of 30% (2023: 30%) as it does not meet the base rate entity rule.

### United States of America

The subsidiary incorporated in United States is subject to statutory United States federal corporate income tax at a rate of 21% (2023: 21%). It was also subject to the state income tax in relevant states to fulfil compliance requirements.

Deferred tax assets have not been recognised in respect of tax losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 7. INCOME TAX (continued)

### United States of America (continued)

Current income tax for the six months ended 30 June 2024 and 2023 are as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current-United States of America	29	—

## 8. DIVIDEND

No dividends have been declared and paid by the Company for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

## 9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts attributable to ordinary equity holders of the parent is based on the following data:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Loss</b>		
Loss for the period attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	(261,840)	(422,211)

	For the six months ended 30 June	
	2024	2023
	Number of shares '000	Number of shares '000
	(Unaudited)	(Unaudited)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	1,688,294	1,684,883

The computation of basic loss per share amounts for the six months ended 30 June 2024 and 2023 excluded the unvested restricted stock units of the Company. Details of these restricted stock units are set out in note 21 to the interim condensed consolidated financial information.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2024 and 2023 in respect of dilutions as the impact of the exercise of restricted stock units had an anti-dilutive effect on the basic loss per share amounts presented. Accordingly, the dilutive loss per share amounts for the six months ended 30 June 2024 and 2023 were the same as the basic loss per share amounts.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired assets at a cost of RMB84,030,000 (30 June 2023: RMB90,900,000).

During the six months ended 30 June 2024, the Group disposed of assets for a cost of RMB35,000 (30 June 2023: RMB4,000).

## 11. RIGHT-OF-USE ASSETS

The carrying amounts of the Group's right-of-use assets and the movements during the year/period are as follows:

	Office and laboratory RMB'000	Leasehold land RMB'000	Total RMB'000
As at 1 January 2023	52,265	231,838	284,103
Additions	1,974	—	1,974
Lease changes	34,078	—	34,078
Depreciation charge	(21,517)	(4,810)	(26,327)
Exchange difference	9	—	9
As at 31 December 2023 and 1 January 2024 (Audited)	66,809	227,028	293,837
Additions	1,552	—	1,552
Lease changes	16,827	16,827	
Depreciation charge	(13,266)	(2,405)	(15,671)
Exchange difference	1	—	1
As at 30 June 2024 (Unaudited)	71,923	224,623	296,546

At 30 June 2024, the Group's leasehold land with net carrying amounts of approximately RMB155,200,000 (At 31 December 2023: RMB156,834,000) and construction in progress with carrying amounts of RMB76,879,000 (At 31 December 2023: nil) were mortgaged to secure loans granted to the Group (note 18).

Certain subsidiaries of the Company were granted by the local governments to occupy certain buildings owned by them. Beijing InnoCare, a subsidiary of the Company, has obtained the right to use two buildings at a below-market rental price to conduct research and development activities during the periods from January 2016 to December 2023 and from June 2016 to May 2024, respectively. The Group has recorded such government grants at nominal amount.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 12. TRADE AND BILLS RECEIVABLES

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Trade receivables	<b>281,746</b>	276,778
Bills receivable	—	31,261
Impairment	<b>(1,069)</b>	(401)
Trade and bills receivables	<b>280,677</b>	307,638

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months, and expanding up for some customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group's major customers are state-owned large-scale drug distributors located in the PRC with whom the Group has been cooperating since 2021. The Group considers that such practice is in line with the unique norm of the bio-pharmaceutical industry in the PRC where primary drug distributors are state-owned enterprises. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Within 3 months	<b>268,816</b>	248,942
3 months to 6 months	<b>11,861</b>	58,696
	<b>280,677</b>	307,638

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 12. TRADE AND BILLS RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
At beginning of period/year	401	132
Impairment loss	668	268
Foreign exchange differences	—	1
At end of period/year	<b>1,069</b>	401

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns by product type and rating. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

### 13. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Prepayments	64,353	39,044
Interest receivable	44,572	62,540
Value-added tax recoverable and advance payment of income tax	14,633	10,390
Other receivables	1,323	2,020
	<b>124,881</b>	113,994

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 30 June 2024 and 31 December 2023, the loss allowance were minimal.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 14. OTHER FINANCIAL ASSETS

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Financial assets measured at amortised cost (note (i))	<b>693,551</b>	—
Financial assets at fair value through profit or loss (note (ii))	<b>350,406</b>	—
	<b>1,043,957</b>	—
Classified as:		
Current assets	<b>642,941</b>	—
Non-current assets	<b>401,016</b>	—

Notes:

- (i) As of 30 June 2024, the financial assets measured at amortised cost comprised time deposits issued by banks in Chinese Mainland with original maturity more than one year, and fixed-coupon notes issued by banks overseas with original maturity less than one year. Both types of assets bore at fixed rates, with amounts of RMB401,016,000 and RMB292,535,000, respectively.
- (ii) As of 30 June 2024, the financial assets at fair value through profit or loss consisted of structured deposits of RMB350,406,000 issued by banks in the Chinese Mainland with an original maturity of less than one year. These structured deposits featured floating rates linked to either foreign exchange rates or the price of gold. The fair values of the financial asset approximated to their costs plus expected interests.

## 15. CASH AND BANK BALANCES

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Cash and bank balances	<b>6,903,693</b>	8,224,596
Less: Time deposits with original maturity of more than three months when acquired	<b>(3,128,440)</b>	(4,019,532)
Restricted cash	<b>(2,250)</b>	(2,500)
Cash and cash equivalents	<b>3,773,003</b>	4,202,564

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Denominated in:		
RMB	<b>2,725,743</b>	4,100,770
United States dollars ("US\$")	<b>1,013,036</b>	83,610
Others	<b>34,224</b>	18,184
Cash and cash equivalents	<b>3,773,003</b>	4,202,564



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 15. CASH AND BANK BALANCES (continued)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Time deposits are made for varying periods of between seven days and twelve months depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The time deposits are deposited with creditworthy banks with no recent history of default.

## 16. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Less than 1 year	<b>102,521</b>	124,207
1 year to 2 years	<b>14,686</b>	10,432
2 years to 3 years	<b>16</b>	199
Over 3 years	<b>19</b>	67
	<b>117,242</b>	134,905

## 17. CONVERTIBLE LOAN

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Current portion Convertible loan	<b>1,274,794</b>	1,251,131

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 17. CONVERTIBLE LOAN (continued)

	<b>Convertible loan</b> RMB'000
At 1 January 2023	1,197,168
Changes in fair value	53,963
At 31 December 2023 (Audited)	1,251,131
Changes in fair value	23,663
At 30 June 2024 (Unaudited)	1,274,794

In August 2018, Guangzhou InnoCare was jointly established by GZHT Technology Holding Group Co., Ltd. (“**Guangzhou Kaide**”, formerly named as Guangzhou Kaide Technology Development Limited) and a subsidiary of the Company. In addition, Guangzhou Kaide provided Guangzhou InnoCare with a convertible loan amounting to RMB930 million, which bears interest at 6.5% per annum and is due on 31 December 2024. Under the loan agreement, Guangzhou InnoCare has to convert the loan into ordinary shares of Guangzhou InnoCare under certain conditions. The Group does not bifurcate any embedded derivatives from the host instrument and has designated the loan from Guangzhou Kaide with a conversion right as a financial liability at fair value through profit or loss. Further details are included in note 25 to the interim condensed consolidated financial information.

Guangzhou InnoCare and Guangzhou Kaide have agreed to repay the principal and interest of the loan in August 2024. Further details are included in note 26 to the interim condensed consolidated financial information.

## 18. LONG TERM PAYABLES

The movements in long term payables during the period/year are as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
At the beginning of period/year	<b>305,577</b>	287,761
Additions	<b>14,035</b>	18,969
Repayment	<b>(25,000)</b>	—
Interest paid	<b>(564)</b>	(1,153)
At the end of period/year	<b>294,048</b>	305,577

In December 2021, a government-related entity provided a five-year loan amounting to RMB50,000,000 at an interest rate of 0.35% per annum to the Group and nominally holds equity interest, the Group has the right of early redemption. In June 2022, the Group received five-year loans from the government related entity amounting to RMB325,000,000 bearing interest at 0.35% per annum. The Group measured the loans by applying the effective interest rate method and the portions for loans’ discount effect of interest rate were recognised as government grant recorded in deferred income.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 18. LONG TERM PAYABLES (continued)

The Group's leasehold land and certain construction in progress were mortgaged for a long term loan granted to the Group in June 2022 and February 2024, respectively (note 11).

### 19. DEFERRED INCOME

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Government grants		
Current	<b>11,274</b>	12,008
Non-current	<b>258,369</b>	268,906
	<b>269,643</b>	280,914

The movements in government grants during the period/year are as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
At the beginning of period/year	<b>280,914</b>	285,960
Grants received during the period/year	<b>4,970</b>	18,976
Amount recognised in profit or loss	<b>(11,723)</b>	(22,713)
Decrease due to repayment of long term payables in advance	<b>(3,863)</b>	—
Amount recognised to offset the interest for loans at a rate lower than the market interest rate	<b>(655)</b>	(1,309)
At the end of period/year	<b>269,643</b>	280,914

The grants related to the subsidies from local government authorities and a discount portion of long term payable from local government to support the Group's research and development activities and capital expenditures. The related expenditures have not yet been incurred are included in deferred income in the statement of financial position.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 20. SHARE CAPITAL

The Company was incorporated in the Cayman Islands on 3 November 2015 with an initial authorised share capital of US\$50,000 divided into 500,000,000 shares with a par value of US\$0.0001 each. In September 2016, the authorised share capital was further sub-divided into 25,000,000,000 shares with a par value of US\$0.000002 each.

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Issued and fully paid: 1,762,582,452 (2023: 1,763,130,452) ordinary shares	<b>23</b>	23

A summary of the movements in the Company's share capital is as follows:

	<b>Number of shares in issue '000</b>	<b>Share capital RMB'000</b>	<b>Share premium RMB'000</b>
As at 31 December 2022 and 1 January 2023 (Audited)	1,682,210	23	11,756,280
Shares repurchased and cancelled	(1,191)	—	(6,300)
Exercise of RSUs	8,832	—	118,018
As at 31 December 2023 and 1 January 2024 (Audited)	1,689,851	23	11,867,998
Shares repurchased and cancelled	(548)	—	(2,871)
As at 30 June 2024 (Unaudited)	1,689,303	23	11,865,127

As at 30 June 2024, 73,279,361 shares (31 December 2023: 73,279,361 shares) were reserved under the share-based payment schemes for future share grant or vesting of awards and held under trusts to be transferred to individual grantees after they exercise their grants.

## 21. SHARE-BASED PAYMENTS

The Company operates one H share-based payment scheme, namely 2023 Share Award Scheme (the "**Scheme**"), and one A share Incentive Scheme, namely 2023 STAR Market Restricted Share Incentive Scheme (the "**A Share Scheme**"), for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme and the A Share Scheme include the Company's directors, the Group's employees and consultants.

2015 Global Share Plan, 2016 Global Share Plan, 2018 Global Share Plan and 2020 Global Share Plan were terminated on 11 August 2023, approved by directors of the Company. The shares granted under 2015 Global Share Plan, 2016 Global Share Plan, 2018 Global Share Plan and 2020 Global Share Plan will continue to be implemented as originally planned, while ungranted shares will be transferred to the Scheme.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 21. SHARE-BASED PAYMENTS (continued)

“Class A Ordinary Shares” refers to the Company’s class A ordinary shares, with a par value of US\$0.000002 per share.

“Class B Ordinary Shares” refers to the Company’s class B ordinary shares, with a par value of US\$0.000002 per share, all of which shall be reserved and issued for employee incentive purposes under the employee stock option plan as adopted by the board of directors of the Company.

### 2015 Global Share Plan

The 2015 Global Share Plan became effective on 6 September 2016 and, unless otherwise cancelled or amended, would continue in effect for a term of 10 years from the date of grant. The maximum aggregate number of shares that may be issued under this plan is 183,888,050 Class B Ordinary Shares. The 2015 Global Share Plan permitted the awards of share options and RSUs. Share options and RSUs do not confer rights to the holders to vote or receive dividends or any other rights until the shares are issued. The 2015 Global Share Plan was replaced by the Scheme on 11 August 2023.

### 2016 Global Share Plan

The 2016 Global Share Plan became effective on 6 September 2016 and, unless otherwise cancelled or amended, would continue in effect for a term of 10 years from the date of grant. The maximum aggregate number of shares that may be issued under this plan is 22,200,000 Class B Ordinary Shares. The 2016 Global Share Plan permitted the awards of RSUs, which do not confer rights to the holders to vote or receive dividends or any other rights until the shares are issued. The 2016 Global Share Plan was replaced by the Scheme on 11 August 2023.

### 2018 Global Share Plan

The 2018 Global Share Plan became effective on 28 November 2018 and, unless otherwise cancelled or amended, would continue in effect for a term of 10 years from the date of grant. The maximum aggregate number of shares that may be issued under this plan is 68,498,464 Class B Ordinary Shares. The 2018 Global Share Plan permitted the awards of RSUs, which do not confer rights to the holders to vote or receive dividends or any other rights until the shares are issued. The 2018 Global Share Plan was replaced by the Scheme on 11 August 2023.

### 2020 Global Share Plan

The 2020 Global Share Plan became effective on 3 July 2020 (the “**Adoption Date**”) and, unless otherwise cancelled or amended, would continue in effect for a term of 10 years from the date of grant. The maximum number of shares in respect of which RSUs may be granted under the 2020 Global Share Plan when aggregated with the maximum number of shares in respect of which share options or RSUs may be granted under any other share-based incentive scheme shall not exceed 10% of the total issued share capital of the same class of the Company as of the Adoption Date (or of the refreshment of the 10% limit). The 2020 Global Share Plan permitted the awards of RSUs, which do not confer rights to the holders to vote or receive dividends or any other rights until the shares are issued. The 2020 Global Share Plan was replaced by the Scheme on 11 August 2023.

### The Scheme

The Scheme became effective on 31 August 2023 and, unless otherwise cancelled or amended, will continue in effect for a term of 10 years from the date of grant. The maximum aggregate number of shares that may be issued under this plan is 51,481,607 Class B Ordinary Shares. The Scheme permits the awards of RSUs, which do not confer rights to the holders to vote or receive dividends or any other rights until the shares are issued.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 21. SHARE-BASED PAYMENTS (continued)

### RSUs

Subject to the fulfilment of certain milestone conditions and certain performance conditions and the directors and employees' continued status as a service provider through each of the applicable vesting dates, and to the extent permitted by applicable law, the RSUs shall be vested in whole or in part in accordance with the rules and the vesting schedule of the Scheme.

The following RSUs were outstanding under the Scheme:

	<b>2024</b>		<b>2023</b>	
	<b>Weighted average exercise price US\$ per share</b>	<b>Number of RSUs '000</b>	<b>Weighted average exercise price US\$ per share</b>	<b>Number of RSUs '000</b>
At 1 January	0.1440	23,748	0.1433	29,833
Granted during the period	0.1780	2,790	0.1780	1,110
Forfeited during the period	0.1780	(4,240)	0.1780	(430)
Exercised during the period	—	—	0.1591	(8,018)
At 30 June	0.1418	22,298	0.1387	22,495

No RSU was exercised and no share was transferred to grantees during the period (The weighted average share price at the date of exercise for RSUs exercised during the period ended 30 June 2023: US\$1.0472).

The exercise prices and exercise periods of the share awards outstanding as at the end of the reporting period are as follows:

### For the six months ended 30 June 2024

<b>Number of RSUs '000</b>	<b>Exercise price US\$ per share</b>	<b>Exercise period</b>
2,650	0.000002	25 December 2020 to 1 August 2029
1,450	0.055	16 September 2023 to 15 September 2031
18,198	0.178	16 September 2022 to 27 June 2034
<b>22,298</b>		



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 21. SHARE-BASED PAYMENTS (continued)

For the six months ended 30 June 2023

Number of RSUs '000	Exercise price US\$ per share	Exercise period
2,770	0.000002	6 September 2018 to 1 August 2029
1,900	0.055	16 March 2022 to 15 September 2031
17,825	0.178	2 August 2020 to 30 March 2033
22,495		

The fair value of each RSU at the respective grant date is determined by using the binomial method, taking into account the terms and conditions upon which the RSUs were granted. The following table lists the key assumptions that the model used.

	For the six months ended 30 June	
	2024	2023
Expected volatility (%)	62.17	66.04
Risk-free interest rate (%)	4.26–4.96	3.64–4.53
Expected life of RSUs (year)	10	10
Closing price of the Company's H share at the grant date (US\$)	0.62	1.07

The Group reversed share-based payment expenses of RMB10.22 million during the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB43.1 million).

### A Share Scheme

The A Share Scheme became effective on 2 June 2023 and the validity period of this scheme is from 2 June 2023 to the date when all the restricted shares granted to the incentive objects are vested or invalidated, and the maximum period is not more than 72 months. The number of restricted shares to be granted to incentive objects under the A Share Scheme is 8,948,750, accounting for 0.51% of the total share capital of the Company. The A Share Scheme permits the awards of RSUs, which do not confer rights to the holders to vote or receive dividends or any other rights until the shares are issued.

The values per share of the A Share Scheme granted in 2024 were RMB1.29 to RMB2.46 (2023: RMB5.49 to RMB6.53), of which the Group recognises equity incentive expenses of RMB9.87 million during the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB1.8 million).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 21. SHARE-BASED PAYMENTS (continued)

### A Share Scheme (continued)

The fair value of the equity-settled incentive granted on the grant date is estimated using the Black-Scholes option pricing model, in combination with the terms and conditions of the equity incentive granted. The following table lists the inputs to the model used:

	For the six months ended 30 June	
	2024	2023
Expected volatility (%)	32.48–35.18	30.63–35.68
Risk-free interest rate (%)	1.66–2.01	1.97–2.33
Expected life (year)	2–5	2–5
Closing price of the Company's A share at the grant date (RMB)	7.44	12.28

The following restricted stock were outstanding under the A Share Scheme during the period:

	2024		2023	
	Weighted average exercise price RMB per share	Number of RSUs '000	Weighted average exercise price RMB per share	Number of RSUs '000
At 1 January	6.95	7,090	—	—
Granted during the period	6.95	1,737	6.95	7,209
Forfeited during the period	6.95	183	—	—
At 30 June	6.95	8,644	6.95	7,209

The exercise price and exercise period of the share awards outstanding as at the end of the reporting period are as follows:

### For the six months ended 30 June 2024

Number of awards '000	Exercise price RMB per share	Exercise period
8,644	6.95	2 June 2024 to 30 May 2029

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 22. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Plant and machinery	<b>43,588</b>	46,980

## 23. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel of the Group:

	<b>For the six months ended 30 June</b>	
	<b>2024 RMB'000 (Unaudited)</b>	2023 RMB'000 (Unaudited)
Short-term employee benefits	<b>11,969</b>	12,366
Pension scheme contributions	<b>105</b>	69
Share-based payment expenses	<b>(22,215)</b>	19,686
Total compensation paid to key management personnel	<b>(10,141)</b>	32,121

(b) Name and relationships of the related parties:

<b>Name</b>	<b>Relationship</b>
Beijing Baiaozhahui Technology Co., Ltd. (" <b>Beijing Baiaozhahui</b> ")	Controlled by immediate family member of an independent non-executive director of the Company
Shanghai Baishida Pharmaceutical Technology Co., Ltd. (" <b>Baishida</b> ")	Director of the entity acts as non-executive director of the Company
Nanjing Bowang Pharmaceutical Technology Co., Ltd. (" <b>Nanjing Bowang</b> ")	Director of the entity acts as executive director of the Company and the entity is controlled by their immediate family members
Zemin Jason Zhang (" <b>Zemin</b> ")*	Independent non-executive director of the Company
Shi Yigong	Non-executive director of the Company
Beijing Tiannuo Jiancheng Pharmaceutical Technology Co., Ltd. (" <b>Beijing Tiannuo Jiancheng</b> ")	Joint venture

\* On 14 July 2023, Zemin resigned as an independent non-executive director.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 23. RELATED PARTY TRANSACTIONS (continued)

(c) Transactions with related parties:

	<b>For the six months ended 30 June 2024 RMB'000 (Unaudited)</b>	2023 RMB'000 (Unaudited)
Services from		
Nanjing Bowang (note (i))	54	—
Baishida (note (i))	—	485
<b>Total</b>	<b>54</b>	<b>485</b>
Payments on behalf of		
Nanjing Bowang (note (ii))	53	78

Notes:

- (i) The purchases of services from Nanjing Bowang and Baishida were mutually agreed after taking into account the prevailing market prices.
- (ii) As mutually agreed between the Group and Nanjing Bowang, the Group pays to the lessor on behalf of Nanjing Bowang for using certain of machinery and equipment.
- (iii) On 4 January 2016, Beijing InnoCare signed a strategic cooperation agreement with Shi Yigong. On 8 August 2018, Beijing InnoCare signed a strategic cooperation agreement (“**2018 Agreement**”) with Shi Yigong and Shi Yigong Tsinghua University Laboratory (with Shi Yigong being the principal of the scientific research laboratory), which refined and replaced the above strategic cooperation agreement signed on 4 January 2016. On 10 July 2020, Beijing InnoCare and its subsidiaries signed a strategic cooperation agreement (“**2020 Agreement**”) with Shi Yigong and Shi Yigong Tsinghua University Laboratory, which refined and replaced the 2018 Agreement. The main content of the 2020 Agreement is that Shi Yigong or Shi Yigong Tsinghua University Laboratory provide diversified services to the Group, such as assisting the Group to solve specific problems in protein crystal screening, protein structure analysis, protein function analysis, combination optimisation of target protein and candidate compounds encountered in the process of new drug research and development and providing in-depth guidance on the selection of drug targets by using their existing technology and platform. During the reporting period, no specific cooperation projects were carried out under the 2020 Agreement.

(d) Outstanding balance with related party:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Amount due to related party		
Nanjing Bowang	54	3
<b>Total</b>	<b>54</b>	<b>3</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 24. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 30 June 2024 (Unaudited)

#### Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at fair value through profit or loss RMB'000	Total RMB'000
Trade and bills receivables	280,677	—	280,677
Financial assets included in prepayments, other receivables and other assets	45,895	—	45,895
Other financial assets	693,551	350,406	1,043,957
Financial assets included in other non-current assets	7,856	—	7,856
Cash and bank balances	6,903,693	—	6,903,693
	7,931,672	350,406	8,282,078

#### Financial liabilities

	Financial liabilities at amortised cost RMB'000	Financial liabilities at fair value through profit or loss RMB'000	Total RMB'000
Trade payables	117,242	—	117,242
Long term payables	294,048	—	294,048
Financial liabilities included in other payables and accruals	595,672	—	595,672
Interest-bearing bank borrowings	38,900	—	38,900
Convertible loan	—	1,274,794	1,274,794
	1,045,862	1,274,794	2,320,656

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 24. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

As at 31 December 2023 (Audited)

#### *Financial assets*

	Financial assets at amortised cost RMB'000	Financial assets at fair value through profit or loss RMB'000	Total RMB'000
Trade and bills receivables	276,377	31,261	307,638
Financial assets included in prepayments, other receivables and other assets	64,560	—	64,560
Financial assets included in other non-current assets	7,199	—	7,199
Cash and bank balances	8,224,596	—	8,224,596
	<b>8,572,732</b>	<b>31,261</b>	<b>8,603,993</b>

#### *Financial liabilities*

	Financial liabilities at amortised cost RMB'000	Financial liabilities at fair value through profit or loss RMB'000	Total RMB'000
Trade payables	134,905	—	134,905
Long term payables	305,577	—	305,577
Financial liabilities included in other payables and accruals	599,465	—	599,465
Interest-bearing bank borrowings	31,300	—	31,300
Convertible loan	—	1,251,131	1,251,131
	<b>1,071,247</b>	<b>1,251,131</b>	<b>2,322,378</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, financial assets at fair value through profit or loss, trade and bills receivables, financial assets included in deposits, prepayments, other receivables and other assets, trade payables, loans and borrowings, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At the end of the period ended 30 June 2024, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee for interim financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
<b>As at 30 June 2024 (Unaudited)</b>				
Financial assets at fair value through profit or loss	—	350,406	—	350,406
<b>As at 31 December 2023 (Audited)</b>				
Financial assets at fair value through other comprehensive income:				
Bills receivable	—	31,261	—	31,261



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Liabilities measured at fair value:

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
<b>As at 30 June 2024 (Unaudited)</b>				
Financial liabilities at fair value through profit or loss:				
Convertible loan	—	—	1,274,794	1,274,794
<b>As at 31 December 2023 (Audited)</b>				
Financial liabilities at fair value through profit or loss:				
Convertible loan	—	—	1,251,131	1,251,131

**Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis**

### Financial instruments in Level 2

The fair value of investments in wealth management products and bills issued by commercial banks is determined by referring to the publicly quoted price from the commercial banks.

### Financial instruments in Level 3

The following table gives information is about how the fair value of the convertible loan is determined. Further details of the convertible loan are included in note 17 to the interim condensed consolidated financial information.

	Fair value RMB'000	Significant unobservable input	Range of input (%)
At 30 June 2024 (Unaudited)	1,274,794	Discount rate	1.53~3.68
At 31 December 2023 (Audited)	1,251,131	Discount rate	2.17~4.32

The Group applied the discounted cash flow method to determine the fair value of the convertible loan, which is the probability-weighted average of the convertible option and straight loan. The discount rate for convertible option is the risk-free rate while the discount rate for a straight loan at the end of the reporting period is the risk-free rate plus an implied spread. The Group estimated the risk-free interest rate based on the yield of the China Government Bond Zero Curve as of the valuation date with the term corresponding to the time to maturity of the convertible loan.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Set out below is a summary of significant unobservable inputs to the valuation of the convertible loan with a quantitative sensitivity analysis as at the end of the reporting period.

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to the fair value RMB'000
Convertible loan	Discounted cash flow method	Risk-free interest rate	30 June 2024: 1.53%	1% increase/(decrease) would result in a (decrease)/increase in fair value by (RMB1,575)/RMB1,592
			31 December 2023: 2.17%	1% increase/(decrease) would result in a (decrease)/increase in fair value by (RMB11,430)/RMB11,652
		Interest spread	30 June 2024: 2.15%	1% increase/(decrease) would result in a (decrease)/increase in fair value by (RMB1,575)/RMB1,592
			31 December 2023: 2.15%	1% increase/(decrease) would result in a (decrease)/increase in fair value by (RMB8,533)/RMB8,698

## 26. EVENT AFTER THE REPORTING PERIOD

The restricted shares granted under the A Share Scheme on 2 June 2023 have 4 tranches with different vesting conditions. The vesting conditions for the first tranche were fulfilled in June 2024. The Company completed the registration for the first tranche of 1,634,750 shares on 11 July 2024.

In July 2024, Guangzhou InnoCare entered into two loan agreements with banks in Chinese Mainland with banking facility of RMB794 million and RMB300 million, respectively, among which facilities of RMB794 million were secured by the property, plant and equipment and land use rights of Guangzhou InnoCare.

In July 2024, Guangzhou InnoCare sent a repayment notice to Guangzhou Kaide in respect of the repayment of convertible loan with aggregate amount of RMB1,280,740,000. The repayment of convertible loan has been fully paid to Guangzhou Kaide in August 2024.



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